



2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The Indiana Public Retirement System is a pension trust fund of the State of Indiana.



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Public Employees' Retirement Fund | Teachers' Retirement Fund | 1977 Police Officers' and Firefighters' Pension and Disability Fund
Judges' Retirement System | State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers'
Retirement Plan | Prosecuting Attorneys' Retirement Fund | Legislators' Retirement System: *Defined Benefit Plan and Defined Contribution
Plan* | State Employees' Death Benefit Fund | Public Safety Officers' Special Death Benefit Fund | Pension Relief Fund

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INPRS is a trust and an independent body, corporate and politic. The fund is not a department or agency of the State of Indiana, but is an independent instrumentality exercising essential governmental functions. (Indiana Code Section 5-10.5-2-3).

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Indiana Public Retirement System

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Letter of Transmittal



December 20, 2013

Dear Board Members:

It is with pleasure that we present the Comprehensive Annual Financial Report (CAFR) of the Indiana Public Retirement System (INPRS) for the Fiscal Year ended June 30, 2013.

About the System

As of June 30, 2013, INPRS was responsible for the investment of approximately \$27.1 billion in net assets. In total, INPRS paid approximately \$2.5 billion in monthly retirement, disability and survivor benefits to 133,128 benefit recipients. INPRS received contributions of approximately \$2.2 billion from 222,877 members actively employed in public service and 1,187 participating employers statewide, and approximately \$0.3 billion in excess state reserves in accordance with 2012 HB 1376. INPRS also maintains accounts for 94,098 inactive members for a total membership of 450,103. Details about INPRS members and employers can be found in the Statistical Section of this report.

This report provides detailed information on the performance of all retirement plans [i.e., seven (7) Defined Benefit (DB) and one (1) Defined Contribution (DC) retirement plans] administered by INPRS, including:

- Public Employees' Retirement Fund (PERF)
- Teachers' Retirement Fund (TRF)
- 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund)
- Judges' Retirement System (JRS)
- State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan (EG&C Plan)
- Prosecuting Attorneys' Retirement Fund (PARF)
- Legislators' Retirement System (LRS)
 - Legislators' Defined Benefit Plan (LEDB Plan)
 - Legislators' Defined Contribution Plan (LEDC Plan)

INPRS also administers two (2) special death benefit funds for public safety officers and state employees who die in the line of duty. In addition, INPRS manages the Pension Relief Fund, which was created by the Indiana General Assembly to address the unfunded pension obligations of the police officers' and firefighters' pension systems of Indiana's cities and towns. INPRS is not responsible for the administration of those local pension funds, which have been closed to new membership since the creation of the 1977 Police Officers' and Firefighters' Pension and Disability Fund. However, INPRS makes disbursements from funds provided by the General Assembly to the local police and firefighter units throughout the state that are still obliged to pay benefits under those former plans.

Letter of Transmittal, continued

Since their establishment, the laws governing the administration of INPRS-administered funds have changed and expanded in response to the needs of our members, employers, and citizens.

In 1955, the Annuity Savings Account (ASA) was established as a supplemental benefit to the then existing defined benefit for PERF and TRF members, making these plans amongst the first in the nation to adopt a hybrid plan design. With employers paying the necessary contribution to fund the DB benefit, employees have since been required to make a contribution into a member-managed account. Members are immediately vested in their ASAs. Upon retirement, PERF and TRF members can withdraw their ASA balance in a lump sum or they can convert their balance into an annuitized amount that is added to their Defined Benefit. Non-Vested inactive members (i.e., members who have not met the requirements for a DB pension benefit) may elect to withdraw their ASA balances upon termination of employment.

The 1995 legislative session brought several significant changes to TRF. Legislation was passed that closed the pay-as-you-go plan (named the Pre-1996 Account) to newly hired members and created a new account named the 1996 Account. All teachers hired after June 30, 1995, would be members of the 1996 Account. The 1996 Account was established to be actuarially pre-funded by requiring school corporations to set aside a fixed percentage of payrolls for teacher retirement benefits. Also, in 1995, the General Assembly passed legislation creating the Pension Stabilization Fund (PSF), designed to partially fund TRF's unfunded liability of the Pre-1996 Account. The PSF was initially funded from \$425 million of employer reserves from the Pre-1996 Account and, since that time, has received contributions from the Indiana State General Fund, contributions from the Indiana State Lottery, and interest earned from the investment of PSF assets. As of June 30, 2013, the PSF had a balance of \$2.6 billion.

A public referendum held in 1996 approved an amendment to the Indiana Constitution to allow the funds to invest in equities. Since that time, INPRS has been able to diversify its investment asset classes and grow its asset base.

In 2000, legislation established that the fund's administrative bodies would no longer be state agencies but each would be an "independent body corporate and politic." This means INPRS is not a department or agency of the State, but is an independent instrument exercising essential government functions. Under Indiana law, INPRS is under the jurisdiction of the State Ethics Commission.

Effective July 1, 2011, the administration of the Indiana State Teachers' Retirement Fund (TRF), established in 1921, and the funds previously administered by the Indiana Public Employees' Retirement Fund (PERF), established in 1945, were consolidated as the Indiana Public Retirement System (INPRS).

Benefit Plan and Other Legislative Changes during Fiscal Year 2013

- Several changes were passed or took effect during Fiscal Year 2013:
- Legislation provided a one-time check (a.k.a. 13th check) to benefit recipients of PERF, TRF and the EG&C Plan in various amounts based on years of service. In addition, benefit recipients of the 1977 Fund and Judges' Retirement System received a COLA increase.
- Legislation provided that for a member of PERF who dies after June 30, 2013, the beneficiary on file at the time of the member's death is the beneficiary PERF will pay out.
- Legislation required that an order for restitution be issued by the sentencing court before money may be taken from a PERF or TRF member's account to compensate an employer for a criminal taking by the member.
- Legislation increased the state employee line of duty death benefit from \$50,000 to \$100,000 and under certain conditions entitles stepchildren to receive survivor death benefits.

Letter of Transmittal, continued

- Legislation clarified eligibility for the PERF ASA-Only Plan. Provides that any government agency that pays employees through the Auditor of State is a mandatory employer participant. Quasi-governmental and state educational employers may choose to offer the ASA-Only Plan as an option for their qualified employees.
- Legislation provided that a PARF member who took a withdrawal upon separation from service and who returns to service may buy back service credit at the full amount, plus interest at a rate specified by the INPRS Board.
- Legislation provides that on or after July 1, 2013, full time employees of the Lottery Commission shall become members of PERF.
- Legislation eliminated PERF second retirements. Provides that any retired PERF member reemployed in a PERF covered position July 1, 2013 and after shall not accrue a supplemental retirement benefit.
- Legislation provided several changes to the PARF plan including but not limited to 1) capped member contributions at 22 years of service, 2) provided immediate eligibility for disability benefits upon hire, 3) allowed members to receive full retirement benefits at age 65 or anytime after 55, if they meet the rule of 85, 4) increased the minimum survivor benefit from \$7,000 to \$12,000, and 5) clarified eligibility of certain survivor benefits to a surviving spouse and children.
- Legislation permitted certain 1977 Fund members who become employed by another participating employer to remain as a member of the 1977 Fund without undergoing another physical and mental examination for fund eligibility purposes.

Management's Responsibility for Financial Reporting

INPRS management has the fiduciary responsibility to safeguard the system and is responsible for the contents of this report. INPRS management is also responsible for establishing and maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization. INPRS management is responsible for ensuring that an adequate internal control structure is in place to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized user disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires management to make estimates and judgments. The internal control structure is subject to periodic evaluation by management and the internal audit staff to ensure compliance with applicable laws and regulations.

For financial reporting purposes, INPRS follows Governmental Accounting Standards Board (GASB) Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and as amended by GASB Statement No. 50, Pension Disclosures. Assets of INPRS are presented at fair value. The actuarial value of assets and the actuarial accrued liability are presented in the Required Supplementary Information following the Notes to the Financial Statements.

GASB issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. This Statement establishes financial reporting standards for state and local governments. The Management's Discussion and Analysis is contained within the Financial Section of this report and serves to supplement the Introductory Section of this CAFR, as well as financial statements, notes, and supplementary information within the Financial Section.

In June 2012, GASB adopted changes to its accounting standards related to public pensions. These changes will become effective in Fiscal Year 2014 for INPRS and Fiscal Year 2015 for state and local governments. GASB Statements No. 25 and No. 50 will be replaced by GASB Statement No. 67 (Financial Reporting for Pension Plans) and GASB Statements No. 27 and No. 50 will be replaced by GASB Statement No. 68 (Accounting and Financial Reporting for Pensions). Information about these upcoming changes can be found on the GASB web site www.GASB.org.

Economic Condition

The economic condition of INPRS is based primarily upon investment results and contributions from members and employers. Strategic Investment Solutions, Inc. (SIS), the primary investment management consultant for INPRS, evaluated the impact of economic conditions on the investments of INPRS. The SIS Report on Investment Activities is located in the Investment Section of this report. In Fiscal Year 2013, the State of Indiana exceeded its funding obligations to the TRF Pre-96 Account, JRS, PARF and LRS plans. In aggregate, all other required contributions from members and other employers to all of the INPRS administered plans were also fully satisfied in Fiscal Year 2013.

Investments

In Fiscal Year 2013, INPRS Consolidated Defined Benefit Assets returned a positive 6.0 percent net of fees. While the 5-year return rate of 3.0 percent is below the fund's long-term actuarial assumed rate of 6.75 percent – reflecting the recession years of 2008 and 2009 – the 3-year return was 8.4 percent. Three-year return performance is significant since it has been 3 years since the inception of the consolidated TRF and PERF risk-based asset allocation. During this 3 year period, actual returns were 1.65 percentage points better than our actuarial assumed rate of return, and volatility better than expectation. In FY2013, the INPRS risk-based asset allocation performed as we would have expected given US and global market conditions during the year. As with any long-term forward-looking asset allocation, the true test will be time as the portfolio weathers changing environments.

The foundation of any successful investment program is the commitment to and execution of disciplined decision-making policies and processes conducted by competent investment professionals. During Fiscal Year 2013, INPRS built upon the foundation established in our new Investment Policy Statement (IPS) created in 2012. A recently implemented risk measurement system has contributed to better risk based decision making. Continued improvements to compliance systems and internal procedures further assure the integrity demanded by stakeholders. The INPRS IPS is an essential element of our commitment to investments excellence. Detailed investment policies and results can be found in the Investment Section of this report.

Funding

An actuarial analysis of all INPRS-administered retirement plans is performed on an annual basis. An assumption experience study is performed every three to five years. PricewaterhouseCoopers (PwC) completed the most recent assumption experience study for all DB retirement plans except TRF as of June 30, 2010, and Nyhart completed the most recent assumption experience study for TRF as of June 30, 2011.

One purpose of the annual actuarial analysis is to measure the funding status, typically referred to as the funded percentage. The percentage is computed by dividing the actuarial value of net assets by the actuarial accrued liability. This ratio provides an indication of the funding status of the plan, and generally, the greater this percentage, the stronger the plan.

As discussed earlier in this letter, INPRS administers seven (7) separate DB retirement plans. The aggregate funded status percentage for all the pre-funded plans improved in FY2013 to 85.3 percent. The TRF Pre-1996 pay-as-you-go account, designed in 1921 for a zero funded status, actually has a funded status of 31.8 percent thanks to the underpinning of the Pension Stabilization Fund. Actuarial standards consider a funded percentage of 80 percent or better as being healthy. We are pleased with our overall funded status and continue to work to achieve and maintain 100 percent funding.

Details of the actuarial analysis can be found in the Actuarial Section of this report and the supporting statistics can be found in the Statistical Section. In the Statement of Changes in Fiduciary Net Position, contained in the Financial Section of this report, the accumulated balance of funds derived from the excess of additions over deductions is referred to as the net position restricted for pension benefits. The actuarial accrued liability is not disclosed in the Financial Statements, but is disclosed in the Schedule of Funding Progress in the Required Supplementary Information following the Notes to the Financial Statements.

Accomplishments in 2013

INPRS continues to fulfill its mission while demonstrating commitment to its values. The INPRS strategic plan provides the foundation from which INPRS moves towards its vision to be the premier public retirement system, respected by customers, peers and community, and known for professional service, technological advancement and fund stability. A copy of the INPRS strategic plan can be found on the INPRS web site www.inprs.in.gov. To that end, there were several significant accomplishments during Fiscal Year 2013.

Members continue to receive outstanding customer service. More than 99 percent of new retirees received their first pension payment on time. More than 93 percent of members, who interacted with INPRS, rated their experience as good or excellent. As an organization, we carefully managed over 900,000 emails, 275,000 calls to the call center, and met with over 21,000 members to discuss their retirement options in detail. Comparing ourselves to similar retirement systems across the US, we rank highest in service capability and availability, and second highest in our 1-1 counseling service.

Significant progress continues in the implementation of new information technologies. INPRS successfully completed its sixth year of a multi-year program to modernize its business processes and systems. In October 2012, INPRS launched a new Employer Reporting and Maintenance (ERM) system. This system modernized employer interactions with INPRS while getting members' retirement contributions into their individual accounts on a payroll basis. Previously, this was only possible quarterly. In its first full year of operation, the ERM system has processed more than six million transactions and \$1.2 billion dollars in contributions. The final major component of the INPRS modernization program is the implementation of a new Defined Benefit administration system. This system was launched in December 2013. Once fully operational in early 2014, this new system will bring to a close a modernization program that will have overhauled every INPRS business process and IT platform.

2013 marks the successful integration of all prior PERF and TRF activities into a unified INPRS culture. Last year's CAFR was the first consolidated INPRS CAFR and was awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. Assets of the ASA plans were consolidated into a structure that brought additional fee savings to members.

As stewards of assets held for current and future retirees, INPRS continues to find ways to deliver better services for fewer dollars. Savings resulting from the merger of PERF and TRF continue to increase. With \$40+ million of additional savings achieved in 2013, the cumulative net present value of savings generated thus far is \$330 million to Indiana taxpayers. INPRS also continues to leverage technology to reduce the cost and environmental impact of printed paper.

The continued pursuit of excellence at INPRS is also attracting nationwide attention from our peers and industry experts. INPRS was one of three finalist for Large Public Plan of the Year awarded by a leading industry investment publication.

Letter of Transmittal, continued

INPRS was also named as a finalist for an award in Corporate Information Technology Excellence and Innovation. Last but not least is an Achievement Award from the Public Pension Coordinating Council (PPCC). The PPCC award recognizes INPRS' excellence in meeting professional standards for plan design and administration.

Acknowledgements

The compilation of this report reflects the combined efforts of INPRS staff and advisors. It is intended to demonstrate the spirit of full disclosure and to provide information for use as the basis for making management decisions, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the assets contributed by our members and employers.

If, after reviewing this report, you would like more information, please feel free to contact us at questions@inprs.in.gov.

We express our gratitude to the staff, advisors, and all who have contributed to the preparation of this report. The INPRS staff also wishes to express our gratitude to former Indiana Governor Mitch Daniels, current Indiana Governor Mike Pence, the Indiana General Assembly, members of the Indiana Pension Management Oversight Commission, and the INPRS Board of Trustees who provided INPRS staff the privilege of serving the needs of our members and employers.



Steve Russo
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Indiana Public
Retirement System**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012



Executive Director/CEO



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2013***

Presented to

Indiana Public Retirement System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)



Alan H. Winkle
Program Administrator

Administrative Organization¹

Board of Trustees²



Brian Abbott



Chris Atkins



Ken Cochran



Steve Daniels



Jodi Golden



Mike Pinkham



Kyle Rosebrough



Bret Swanson

Executive Team



Steve Russo
Executive Director



Steven Barley
*Chief Operations
Officer and
Deputy Director*



David Cooper
*Chief Investment
Officer*



Tony Green
*Chief Legal
and Compliance
Officer*



Donna Grotz
*Director of Strategic
Initiatives and
Administration*



Mike Hine
*Chief Information and
Technology Officer*



Jeffrey Hutson
*Chief
Communication
Officer*



Julia Pogue
*Chief Financial
Officer*



Teresa Snedigar
*Director of
Internal Audit*

¹As of December 2013.

²The ninth Board of Trustees position is currently vacant.

Mission Statement:

We advance the achievement of retirement security for current and future retirees and beneficiaries through our delivery of operational and investment excellence, exemplary customer service and trusted stakeholder communication.

Mission Principles:

Integrity. We hold ourselves and each other accountable to the highest standards of ethical behavior.

Stewardship. We prudently invest and manage the assets held in trust for current and future retirees. We rigorously identify, measure, and manage risk.

Best in Class Operations. We efficiently deliver accurate, timely retirement benefit payments and related services with attentiveness to high quality customer service. We focus on quality management and continuous improvement.

Trusted Source. We are our stakeholders' trusted source of reliable information about the role that INPRS plays in retirement preparation.

Collaboration and Shared Purpose. We value professionalism, teamwork and operational excellence. We seek out stakeholder input when setting priorities and balancing cost with value.

Mike Pence
Governor

Sue Ellspermann
Lt. Governor

Executive Team¹

Steve Russo
Executive Director

Steven Barley
Chief Operations Officer
and Deputy Director

David Cooper
Chief Investment Officer

Tony Green
Chief Legal and Compliance Officer

Donna Grotz
Director of Strategic Initiatives
and Administration

Mike Hinline
Chief Information and Technology
Officer

Jeffrey Hutson
Chief Communication Officer

Julia Pogue
Chief Financial Officer

Teresa Snedigar
Director of Internal Audit

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Indianapolis, IN 46204

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Indianapolis, IN 46250

PricewaterhouseCoopers LLP
One North Wacker Drive
Chicago, IL 60606

Strategic Investment Solutions, Inc.
333 Bush Street, Suite 2000
San Francisco, CA 94104

¹As of December 2013.

²A complete list of investment professionals that have provided services to INPRS can be found at the end of the Investment Section.

Summary of Key Data as of June 30, 2013

- PERF = Public Employees' Retirement Fund
- TRF = Teachers' Retirement Fund
- 1977 Fund = 1977 Police Officers' and Firefighters' Pension and Disability Fund
- JRS = Judges' Retirement System
- EG&C Plan = State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan
- PARF = Prosecuting Attorneys' Retirement Fund
- LEDB Plan = Legislators' Defined Benefit Plan
- LEDC Plan = Legislators' Defined Contribution Plan

(dollars in millions)

| Plan | Number of Employers ¹ | Total Number of Members | Net Assets | Actuarial Value of Assets (AVA) | Actuarial Accrued Liabilities (AAL) | Unfunded AAL | Funded Status (AVA/AAL) |
|------------------------|----------------------------------|-------------------------|------------------|---------------------------------|-------------------------------------|------------------|--------------------------|
| PERF | 1,137 | 288,448 | \$ 12,721 | \$ 12,948 | \$ 16,146 | \$ 3,198 | 80.2% |
| TRF - Pre-1996 Account | | 72,415 | | 5,235 | 16,462 | 11,227 | 31.8 |
| TRF - 1996 Account | | 69,119 | | 4,454 | 4,750 | 296 | 93.8 |
| Total TRF | 369 | 141,534 | 9,649 | 9,689 | 21,212 | 11,523 | 45.7 |
| 1977 Fund | 161 | 17,703 | 4,117 | 4,181 | 4,393 | 212 | 95.2 |
| JRS | 1 | 785 | 376 | 381 | 453 | 72 | 84.1 |
| EG&C Plan | 1 | 757 | 97 | 98 | 118 | 20 | 83.5 |
| PARF | 1 | 550 | 48 | 49 | 62 | 13 | 78.7 |
| LEDB Plan | 1 | 101 | 3 | 3 | 4 | 1 | 79.8 |
| LEDC Plan | 1 | 225 | 25 | - | - | - | - |
| Other ² | - | - | 49 | - | - | - | - |
| Total | 1,187 | 450,103 | \$ 27,085 | \$ 27,349 | \$ 42,388 | \$ 15,039 | 85.3%³ |

¹Sum of individual employers by retirement plan does not equal total employers, since one (1) employer may participate in multiple retirement plans.

²Includes State Employees' Death Benefit Fund, Public Safety Officers' Special Death Benefit Fund, and Pension Relief Fund.

³Total INPRS, excluding TRF Pre-1996 Account (Pay-As-You-Go).

Fund Highlights

Hybrid Plan

The membership of the Public Employees' Retirement Fund (PERF) Hybrid plan includes eligible state and local government entities.

Eligibility for Pension Benefit Payment¹

- Early retirement with reduced benefits between ages 50-59 with 15 years of service
- At age 55 if age and creditable service total at least 85 ("Rule of 85")
- Age 60 with 15 years of service
- Age 65 with 10 years of service
- Age 65 with 8 years of service²
- Age 70 with 20 years of service³

Contribution Rates

- Employer contribution rates for the Defined Benefit (pension) are determined annually by the INPRS Board based on recommendations by the INPRS actuary.
- Members are required to contribute 3 percent of gross wages to their Annuity Savings Account. Employers have the option of making all or part of this contribution on behalf of the member. Members may also make voluntary contributions to the Annuity Savings Account up to an additional 10 percent of their wages, under certain limitations.

Benefit Formula

Lifetime Annual Benefit = (Years of Creditable Service x Average Highest 20 Quarters of Salary x .011) + Annuity Savings Account⁴

Cost of Living Allowance (COLA)

Cost of living adjustments are granted by the Indiana General Assembly on an ad hoc basis.

ASA Only Plan

Established on March 1, 2013, the membership of the Public Employees' Retirement Fund (PERF) ASA Only plan includes first-time, full-time employees of the state of Indiana.

Eligibility for Plan Payment

- Members are fully vested in the 3 percent employee share (Annuity Savings Account) upon hire
- The member's share of the employer contribution is based on full years of participation:

| |
|-----------------------|
| 1 year = 20 percent |
| 2 years = 40 percent |
| 3 years = 60 percent |
| 4 years = 80 percent |
| 5 years = 100 percent |

Contribution Rates

- Employer pays the mandatory 3 percent employee (member) share of gross wages.
- The employer share is also paid by the employer, but the member must meet vesting requirements.⁵

Benefit Formula

Not applicable

Cost of Living Allowance (COLA)

Not applicable

¹A member is automatically eligible for withdrawal of the PERF Hybrid Plan Annuity Savings Account (ASA) benefit once he/she separates from service. Certain restrictions may apply if the member is vested in a pension benefit.

²A member who has at least eight years of PERF Plan service as a county clerk, county auditor, county recorder, county treasurer, county sheriff or county coroner is eligible for normal retirement after reaching age 65. This change in the law applies only to members retiring after June 30, 2002. Public Law 73-2002 also provides that a member serving as state auditor, state treasurer or secretary of state, and whose term commences after the November 5, 2002 election, be vested with at least eight years of creditable service.

³Actively employed members who have completed at least 20 years of service may apply for retirement benefits at age 70, remain actively employed in a PERF covered position without a separation from service, and receive monthly benefits.

⁴Members can elect at retirement to receive their Annuity Savings Account as a monthly supplement to their defined pension benefit or in a total distribution.

⁵Contribution amounts covering unfunded pension liability are not made to member ASA Only accounts.

The membership of the Indiana State Teachers' Retirement Fund includes eligible educators and administrators.

Eligibility for Pension Benefit Payment¹

- Early retirement with reduced benefits between ages 50-59 with 15 years of service
- At age 55 if age and creditable service total at least 85 ("Rule of 85")
- Age 60 with 15 years of service
- Age 65 with 10 years of service
- Age 70 with 20 years of service²

Contribution Rates

- The Pre-1996 Account is funded primarily by State General Fund appropriations and state lottery proceeds.
- Employer contribution rates for the 1996 Account are determined annually by the INPRS Board based on recommendations by the INPRS actuary.
- Members are required to contribute 3 percent of gross wages to their Annuity Savings Account. Employers have the option of making all or part of this contribution on behalf of the member. Members may also make voluntary contributions to the Annuity Savings Account up to an additional 10 percent of their wages, under certain limitations.

Benefit Formula

$$\begin{aligned} &\text{Lifetime Annual Benefit} = \\ &\quad \times (\text{Years of Creditable Service}) \\ &\quad \times \text{Average Highest Five-Year Annual Salary} \\ &\quad \times .011) + \text{Annuity Savings Account}^3 \end{aligned}$$

Cost of Living Allowance (COLA)

Cost of living adjustments are granted by the Indiana General Assembly on an ad-hoc basis.

¹A member is automatically eligible for withdrawal of the Annuity Savings Account (ASA) benefit once he/she separates from service. Certain restrictions may apply if the member is vested in a pension benefit.

²Actively employed members who have completed at least 20 years of service may apply for retirement benefits at age 70, remain actively employed in a TRF covered position without a separation from service, and receive monthly benefits.

³Members can elect at retirement to receive their Annuity Savings Account as a monthly supplement to their defined pension benefit or in a total distribution.

1977 Police Officers' and Firefighters' Pension and Disability Fund provides coverage to full-time sworn officers of a police force of an Indiana city or town and full-time firefighters employed by an Indiana city, town or township.

Eligibility for Pension Benefit Payment

- Early retirement with reduced benefits at age 50
- Age 52 with 20 years of service
- Deferred Retirement Option Plan (DROP) available to members who are eligible for an unreduced retirement – members continue to work and earn a salary while accumulating a DROP benefit

Contribution Rates

- Employer contribution rate is adopted by the INPRS Board of Trustees based on recommendations by the INPRS actuary.
- Member must also contribute 6 percent of first-class salary for the term of the member's employment up to 32 years.
- Employers have the option of making all or part of this contribution on behalf of the member.

Benefit Formula

Annual Benefit = 50 percent of first-class salary for 20 years of service.¹

Cost of Living Allowance (COLA)

Cost of living adjustment is a percentage determined by statute equal to the change in the Consumer Price Index but not in excess of a 3 percent increase.

¹This percentage is increased by 1 percent for each six months of active service accumulated after 20 years of service (to a maximum of 32 years, or 74 percent).

Fund Highlights, continued

The Judges' Retirement System includes any person who has served, is serving or shall serve as a regular judge or justice of the Supreme Court of the state of Indiana, Court of Appeals, Indiana Tax Court, Circuit Court of a Judicial Court, or County Courts including: Superior, Criminal, Probate, Juvenile, Municipal and County Courts. Beginning Jan. 1, 2011, full-time magistrates who are serving on July 1, 2010, may elect to be members of the 1985 System. The 1985 System is mandatory for all new judges and beginning Jan.1, 2011, all new full-time magistrates.

Eligibility for Pension Benefit Payment

- Early retirement with reduced benefits at age 62 and at least eight years of service credit
- At age 55 if age and creditable service total at least 85 ("Rule of 85")
- Age 65 with at least eight years of service credit

Contribution Rates

- Employer contributions are determined by the Indiana General Assembly as appropriations from the state's General Fund and certain court and docket fees.
- A member of either the 1977 or 1985 Judges' Retirement System is required to contribute 6 percent of the member's salary for a maximum period of 22 years.
- No contributions are due to either retirement system during the time that a member is not employed as a judge or for any period of service as a senior judge.

Benefit Formula

$$\text{Annual Benefit} = \text{Salary at Retirement}^1 \times \text{Percentage Below}$$

| Years of Service | Percentages | Years of Service | Percentages |
|------------------|-------------|------------------|-------------|
| 8 | 24% | 16 | 54% |
| 9 | 27% | 17 | 55% |
| 10 | 30% | 18 | 56% |
| 11 | 33% | 19 | 57% |
| 12 | 50% | 20 | 58% |
| 13 | 51% | 21 | 59% |
| 14 | 52% | 22 or more | 60% |
| 15 | 53% | | |

Cost of Living Allowance (COLA)

For participants of the 1977 System and the 1985 System (who apply for a benefit after 12/31/09), the cost of living allowance is a percentage increase equal to the increase in the salary of the participant's position from which the participant retired.

¹Benefit calculations for the 1977 System (those who began service as a judge before September 1, 1985) are based on the current salary of the judge's position from which they retired. The 1985 System (those who began service as a judge after August 31, 1985) uses the salary paid to the participant when they retired or the salary paid for the office the participant held at the time of the participant's separation, depending on the participant's separation date and date of retirement application.

Fund Highlights, continued

State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan includes members engaged exclusively in the performance of law enforcement duties of the (1) Indiana Department of Natural Resources, (2) Indiana Alcohol and Tobacco Commission and (3) any Indiana state excise police officer, Indiana state conservation enforcement officer or gaming agent.

Eligibility for Pension Benefit Payment

- Early retirement with reduced benefits at age 45 with at least 15 years of creditable service
- Age 50 with 25 years of service
- At age 55 if age and creditable service total at least 85 ("Rule of 85")
- Deferred Retirement Option Plan (DROP) – continue to work and earn a salary while accumulating a DROP benefit

Contribution Rates

- Employer contribution rate is adopted by the INPRS Board of Trustees based on recommendations by the INPRS actuary.
- Member is required to contribute 4 percent of member's annual salary. The contribution is made through payroll deduction and is deposited in member's account.

Benefit Formula

$$\text{Annual Benefit} = 25 \text{ percent}^1 \times \text{Average Annual Salary}^2$$

Cost of Living Allowance (COLA)

Cost of living allowance is applied at the same rate as was granted by the Indiana General Assembly for the Public Employees' Retirement Fund.

¹This percentage is increased by 1.67 percent of average annual salary for each completed year of creditable service after 10 years. However, the total percentage may not exceed 75 percent.

²Average Annual Salary is defined as the average annual salary of an officer during the five years of highest annual salary in the 10 years immediately preceding an officer's retirement date.

Fund Highlights, continued

The Prosecuting Attorneys' Retirement Fund (PARF) includes prosecuting attorneys, chief deputy prosecuting attorneys and other deputy prosecuting attorneys paid by the state. PARF members are also members of the PERF Plan. According to statute, benefits payable from PARF are reduced by any benefits payable from the PERF Plan.

Eligibility for Pension Benefit Payment

- Early retirement with reduced benefits at age 62 and at least eight years of service credit
- At age 55 if age and creditable service total at least 85 ("Rule of 85")
- Age 65 with at least eight years of service credit

Contribution Rates

- Actuarially determined State General Fund appropriations
- A prosecuting attorney or chief deputy prosecuting attorney must contribute 6 percent of the state-paid portion of member's salary. This 6 percent contribution will be withheld by the Auditor of the State.
- Prosecuting attorneys and chief deputy prosecuting attorneys are also PERF members, and the member's mandatory 3 percent PERF ASA contributions are paid on member's behalf by the state.

Benefit Formula

Annual Benefit = Highest Annual Salary
(state-paid portion only) at Retirement
x Percentage Below

| Years of Service | Percentages |
|------------------|-------------|
| Less than 8 | 0% |
| 8 | 24% |
| 9 | 27% |
| 10 | 30% |
| 11 | 33% |
| 12 | 50% |
| 13 | 51% |
| 14 | 52% |

| Years of Service | Percentages |
|------------------|-------------|
| 15 | 53% |
| 16 | 54% |
| 17 | 55% |
| 18 | 56% |
| 19 | 57% |
| 20 | 58% |
| 21 | 59% |
| 22 or more | 60% |

Cost of Living Allowance (COLA)

No cost of living allowance is provided.

The Legislators' Retirement System Defined Benefit Plan (LEDB plan) includes only legislators of the state of Indiana who were serving on April 30, 1989, and elected participation. Legislators elected or appointed after April 30, 1989, participate in the Legislators' Defined Contribution Plan (LEDC plan).

Eligibility for Pension Benefit Payment

- Early retirement at least age 55 with 10 years of creditable service, when member is no longer serving in the General Assembly and is not receiving, nor entitled to receive, compensation from the state for work in any capacity
- At age 55 if age and creditable service equal at least 85 ("Rule of 85")
- Age 60 with at least 15 years of service as a member of the General Assembly
- Age 65 with 10 years or more of creditable service as a member of the General Assembly (or meet the requirements for disability benefits under this plan)

Contribution Rates

- The LEDB plan employer contributions are actuarially determined State General Fund appropriations. There are no member contributions for the defined benefit plan.
- For the LEDC plan, the state contribution is determined by multiplying the member's salary for that year by a percentage determined by the INPRS Board and confirmed by the State Budget Agency not to exceed the total contribution rate paid that year by the state to INPRS for state members. The member must contribute 5 percent of member's salary for service after June 30, 1989.

Benefit Formula

The lesser of:

- $\$40 \times \text{Years of service before November 8, 1989 or}$
- $\text{Highest consecutive three-year average annual salary at termination} \div 12$

Cost of Living Allowance (COLA)

Cost of living allowance is applied at the same rate as was granted by the Indiana General Assembly for the Public Employees' Retirement Fund.

Indiana Public Retirement System



2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

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Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE INDIANA PUBLIC RETIREMENT SYSTEM BOARD OF TRUSTEES

Report on the Financial Statements

We have audited the accompanying financial statements of the Indiana Public Retirement System Board of Trustees, as of, and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Indiana Public Retirement System's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Indiana Public Retirement System Board of Trustees' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Indiana Public Retirement System Board of Trustees' internal control. Accordingly we express no such opinion. An audit also includes evaluating the accounting principles used and significant estimates made by management, as well as evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the plan's net position of the fiduciary funds of the Indiana Public Retirement System Board of Trustees, as of June 30, 2013, and the respective changes in the financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress, and Schedule of Contributions from Employers and Other Contributing Entities be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Indiana Public Retirement System's basic financial statements. The Introductory Section, Schedule of Administrative and Project Expenses, Schedule of Administrative Contractual and Professional Services Expenses, Schedule of Project Expenses, Schedule of Project Contractual and Professional Services Expenses, Schedule of Investment Expenses, Investment Section, Actuarial Section, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Administrative and Project Expenses, Schedule of Administrative Contractual and Professional Services Expenses, Schedule of Project Expenses, Schedule of Project Contractual and Professional Services Expenses, and Schedule of Investment Expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Administrative and Project Expenses, Schedule of Administrative Contractual and Professional Services Expenses, Schedule of Project Expenses, Schedule of Project Contractual and Professional Services Expenses, and Schedule of Investment Expenses, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section, Investment Section, Actuarial Section, and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

November 20, 2013

Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) of the Indiana Public Retirement System (INPRS) provides a narrative summary of INPRS financial position and performance for fiscal year ended June 30, 2013, including highlights and comparative data. The MD&A is presented as required supplementary information to the financial statements of the INPRS Comprehensive Annual Financial Report (CAFR) and should be read in conjunction with the Letter of Transmittal included in the Introductory Section, and the Financial Statements, the Notes to the Financial Statements, Required Supplementary Information, and the Other Supplementary Schedules presented in the Financial Section.

INPRS is an independent instrumentality of the State of Indiana, administering eight (8) pension trust funds including seven (7) Defined Benefit retirement plans and one (1) Defined Contribution retirement plan, two (2) other employment benefit trust funds, and one (1) investment trust fund. The following retirement plans and non-retirement funds are included in the INPRS financial statements. In this regard, refer to the Notes to the Financial Statements for descriptions of these retirement plans and non-retirement funds.

Defined Benefit Retirement Plans:

1. Public Employees' Retirement Fund (PERF)
2. Indiana State Teachers' Retirement Fund (TRF)
3. 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund)
4. Judges' Retirement System (JRS)
5. State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan (EG&C Plan)
6. Prosecuting Attorneys' Retirement Fund (PARF)
7. Legislators' Retirement System – Legislators' Defined Benefit Plan (LEDB Plan)

Defined Contribution Retirement Plan:

1. Legislators' Retirement System – Legislators' Defined Contribution Plan (LEDC Plan)

Other Employment Benefit Trust Funds:

1. State Employees' (SE) Death Benefit Fund
2. Public Safety Officers' (PSO) Special Death Benefit Fund

Investment Trust Fund:

1. Pension Relief Fund (PR Fund)

INPRS is governed by a nine-member Board of Trustees, appointed by the Governor pursuant to the following criteria:

- A. One (1) trustee with experience in economics, finance, or investments
- B. One (1) trustee with experience in executive management or benefits administration
- C. One (1) trustee who is an active or retired member of the 1977 Fund
- D. Two (2) trustees who are TRF members with at least 10 years of creditable service
- E. One (1) trustee who is a PERF member with at least 10 years of creditable service
- F. Director of the State Budget Agency, or designee

Management's Discussion and Analysis, continued

- G. Auditor of State, or nominee
- H. Treasurer of State, or nominee

Financial Highlights

- Total net position of INPRS was \$27,085 million as of June 30, 2013. Net position of the retirement plans, which is restricted for future benefit payments, was \$27,068 million as of June 30, 2013. The remaining \$17 million of net position is restricted for future death benefits and local unit withdrawals from the Pension Relief Fund.
- Total net position of INPRS increased by \$1,521 million, or 5.9 percent, during fiscal year 2013. The increase in net position from fiscal year 2012 to fiscal year 2013 was primarily due to net investment income of \$1,514 million. Contributions of \$2,503 million and other additions of \$15 million were mostly offset with benefit payments/other deductions of \$2,511 million.
- INPRS contributions primarily from employers and members increased to \$2,503 million during fiscal year 2013, or by \$472 million (23.2 percent), from contributions of \$2,031 million during fiscal year 2012. The major reason for this increase was due to the State appropriating an additional \$329 million from State excess reserves in accordance with 2012 HB 1376. There was also a \$93 million increase in appropriations including the pre-funding of a one-time check (a.k.a. 13th check) of \$20 million. In addition, contributions due to employer rate increases/other increased by \$50 million.
- The INPRS rate of return for fiscal year 2013 was 6.0 percent, or \$1,514 million, on a market value basis, compared to a return of 0.7 percent or \$173 million for fiscal year 2012.
- INPRS paid \$2,450 million in pension and disability benefits, special death benefits, distributions of contributions and interest, and pension relief distributions during fiscal year 2013. This represented an increase of \$96 million, or 4.1 percent, from the \$2,354 million paid during fiscal year 2012.
- Net position of the Pension Relief Fund was \$36.6 million as of June 30, 2013, compared to \$18.4 million as of June 30, 2012. PR Fund distributions are mandated by state law. The necessary funds required to pay the PR Fund distributions come primarily from State General Fund appropriations, State cigarette and alcohol taxes, and State lottery proceeds.
- INPRS membership was 450,103 as of June 30, 2013. There were 222,877 active members, 133,128 benefit recipients, 30,213 terminated vested members, and 63,885 terminated non-vested members.
- As of June 30, 2013, the date of the most recent actuarial valuation, the aggregate INPRS (excluding the TRF Pre-1996 Account Pay-As-You-Go plan) funded ratio was 85.3 percent. This represents an increase of 4.1 percentage points from the 81.2 percent funded ratio as of June 30, 2012. The increase was due to the State appropriating additional funds from State excess reserves in accordance with 2012 HB 1376, higher state and other employers' contribution rates and a favorable rate of return on investments.

Overview of the Financial Statements

The MD&A is intended to serve as an introduction and overview of the Financial Section in the INPRS CAFR. The Financial Section is comprised of four (4) components: (1) Financial Statements, (2) Notes to the Financial Statements, (3) Required Supplementary Information, and (4) Other Supplementary Schedules. The information available in each of these sections is briefly summarized as follows:

Management's Discussion and Analysis, continued

1. Financial Statements

The Statement of Fiduciary Net Position is a point-in-time snapshot of the INPRS assets and liabilities at fiscal year end June 30, 2013 and June 30, 2012. It reports the net position (assets less liabilities equals net position) restricted for pension benefits, death benefits and pool participants. This statement reflects INPRS investments, at fair value, along with cash, receivables, and other assets and liabilities at June 30, 2013 and June 30, 2012.

The Statement of Changes in Fiduciary Net Position displays the effect of financial transactions that occurred during fiscal year 2013, where additions less deductions equal net increase (or net decrease) in net position. Additions come primarily from contributions by employers, members, and State appropriations, lottery proceeds and taxes, as well as net investment income resulting from investing and securities lending activities during the period. Deductions are pension, disability and death benefit distributions, PR Fund distributions and withdrawals, administrative and project expenses, and other deductions. This increase (or decrease) in net position reflects the change in the value of Fiduciary Net Position that occurred between June 30, 2013 and June 30, 2012.

2. Notes to the Financial Statements

The Notes to the Financial Statements are an integral part of the financial statements and provide additional detailed information that is essential for a full understanding of the data provided in the INPRS financial statements.

Note 1. – provides a general description of the retirement plans administered by INPRS. Information regarding membership, retirement benefits, and disability and survivor benefits for each of the retirement plans is also provided.

Note 2. – provides a description of the non-retirement funds.

Note 3. – provides a summary of significant accounting policies, including the basis of accounting, investment accounting policies, management's use of estimates, and other significant accounting policies.

Note 4. – provides information about member and employer contributions for each retirement plan.

Note 5. – provides information on deposits and investments.

Note 6. – provides information on derivative financial instruments.

Note 7. – provides information on long-term commitments for alternative investments.

Note 8. – provides information on risk management.

Note 9. – provides information on contingent liabilities.

Note 10. – provides information on the funded status and actuarial information for each of the defined benefit retirement plans.

Note 11. – provides information on subsequent events to fiscal year end 2013.

Note 12. – summarizes the Required Supplementary Information and Other Supplementary Schedules.

3. Required Supplementary Information

Because of the long-term nature of public defined benefit pension plans, financial statements for the past fiscal year alone cannot provide sufficient information to properly reflect the funding progress of the plans. Therefore, in addition to the basic financial statements, two (2) required schedules of historical trend information related to the defined benefit plans are presented

Management's Discussion and Analysis, continued

as Required Supplementary Information (RSI) in the INPRS CAFR Financial Section. The two (2) RSI schedules consist of a Schedule of Funding Progress and a Schedule of Contributions from Employers and Other Contributing Entities. These two (2) schedules are based on the actuarial valuations performed by the INPRS actuaries. The actuarial information is based upon assumptions made about future events at the time the valuations were performed; and therefore, the amounts presented are management's estimates. The Actuarial Section of the INPRS CAFR provides additional actuarial-related information.

4. Other Supplementary Schedules

The Other Supplementary Schedules consist of a Schedule of Administrative and Project Expenses, Schedule of Administrative Contractual and Professional Services Expenses, Schedule of Project Expenses, Schedule of Project Contractual and Professional Services Expenses, and Schedule of Investment Expenses.

Financial Analysis

Statement of Fiduciary Net Position

As shown in the table below, the total net position for INPRS was \$27,085 million as of June 30, 2013 which represents an increase of \$1,521 million, or 5.9 percent, compared to total net position of \$25,564 million as of June 30, 2012.

| Net Position (dollars in thousands) | | | | |
|---|----------------------|----------------------|----------------------------------|------------------------------|
| | <u>June 30, 2013</u> | <u>June 30, 2012</u> | <u>Increase / (Decrease)</u> | <u>Percentage Change</u> |
| Assets | | | | |
| Cash | \$ 11,295 | \$ 28,134 | \$ (16,839) | (59.9) % |
| Receivables | 2,526,780 | 1,993,329 | 533,451 | 26.8 |
| Investments | 28,733,268 | 27,661,980 | 1,071,288 | 3.9 |
| Capitalized Assets (Net) | 12,154 | 10,929 | 1,225 | 11.2 |
| All Other Assets | 304 | 125 | 179 | 143.2 |
| Total Assets | \$ 31,283,801 | \$ 29,694,497 | \$ 1,589,304 | 5.4 % |
| Liabilities | | | | |
| Investments Payable | \$ 3,923,156 | \$ 3,965,197 | \$ (42,041) | (1.1) % |
| All Other Liabilities | 276,001 | 165,174 | 110,827 | 67.1 |
| Total Liabilities | \$ 4,199,157 | \$ 4,130,371 | \$ 68,786 | 1.7 % |
| Total Net Position | \$ 27,084,644 | \$ 25,564,126 | \$ 1,520,518 | 5.9 % |
| Investment, Administrative and Project Expenses as a Percentage of Net Position | 0.68% | 0.62% | 0.06% | |

Total assets of INPRS were \$31,284 million as of June 30, 2013, compared to \$29,695 million as of June 30, 2012, which represents an increase in total assets of \$1,589 million, or 5.4 percent. The primary reasons for this increase are as follows:

- **Cash** decreased by \$17 million, or (59.9) percent, as cash from contributions was invested more timely.
- **Receivables** increased by \$533 million, or 26.8 percent, primarily due to an increase in the foreign currency futures contracts receivable. This increase was partially offset by a decrease in contributions receivable resulting from a new employer reporting

Management's Discussion and Analysis, continued

system which was implemented in October 2012. Employers report and pay contributions on a payroll basis instead of quarterly.

- **Investments** increased by \$1,071 million, or 3.9 percent, driven primarily by the positive rate of return on investments of 6.0 percent for fiscal year 2013. Of the \$1,071 million increase, other investments increased by \$1,623 million (26 percent), equities increased by \$470 million (8 percent), securities lending increased by \$183 million (20 percent), short-term investments decreased by \$1,026 million (41 percent), fixed income investments decreased by \$110 million (1 percent), and repurchase agreements decreased by \$69 million (70 percent).
- **Net Capitalized/Other Assets** increased by \$1.4 million, or 12.7 percent, due to the capitalization of software costs related to the modernization projects.

Total liabilities of INPRS were \$4,199 million as of June 30, 2013, compared to \$4,131 million as of June 30, 2012, which represents an increase in total liabilities of \$68 million, or 1.7 percent. The primary reasons for the increase are as follows:

- **Investments Payable** including Securities Lending Obligations decreased by \$42 million, or (1.1) percent, due to the timing of transactions at the end of fiscal year 2013.
- **All Other Liabilities** increased by \$110 million, or 67.1 percent, primarily due to TRF monthly retirement benefits payable. At the end of June 2012, there was no TRF payable due to the TRF July 2012 payment being paid in late June 2012.

A summary of net position by fund compared to the prior fiscal year is as follows:

Summary of Net Position by Fund (dollars in thousands)

| | June 30, 2013 | June 30, 2012 | Increase / (Decrease) | Percentage Change |
|--------------------------------|----------------------|----------------------|--------------------------|----------------------|
| PERF | \$ 12,720,601 | \$ 12,243,755 | \$ 476,846 | 3.9 % |
| TRF | 9,648,879 | 9,077,059 | 571,820 | 6.3 |
| 1977 Fund | 4,116,861 | 3,817,013 | 299,848 | 7.9 |
| JRS | 375,752 | 262,326 | 113,426 | 43.2 |
| EG&C Plan | 97,019 | 76,543 | 20,476 | 26.8 |
| PARF | 47,920 | 27,689 | 20,231 | 73.1 |
| LEDB Plan | 3,337 | 3,385 | (48) | (1.4) |
| LEDC Plan | 25,322 | 25,579 | (257) | (1.0) |
| SE Death Benefit Fund | 7,683 | 7,683 | - | - |
| PSO Special Death Benefit Fund | 4,653 | 4,683 | (30) | (0.6) |
| PR Fund | 36,617 | 18,411 | 18,206 | 98.9 |
| Total Net Position | \$ 27,084,644 | \$ 25,564,126 | \$ 1,520,518 | 5.9 % |

Liquidity

The System's defined benefit liquidity needs are met through employer and other contributions, earnings from investments, and the well diversified portfolio of INPRS. On June 30, 2013, INPRS held over \$4.2 billion in Money Market Sweep Vehicles and U.S. Government and Agency Securities. INPRS also held approximately \$1.4 billion in highly liquid, Large-Cap Domestic

Management's Discussion and Analysis, continued

Equities. Because of their characteristics, investments in Asset Backed Securities, Commingled Funds, Corporate Bonds, Non U.S. Governments, other Domestic Equities, International Equities, and Risk Parity are not considered a primary source of liquidity. Investments in Private Equity, Absolute Return, and Private Real Estate are generally considered illiquid.

Statement of Changes in Fiduciary Net Position

As shown in the table below, the total net position for INPRS increased by \$1,521 million, or 5.9 percent, for fiscal year 2013, compared to a total net position decrease of \$192 million, or (0.7) percent as of June 30, 2012. A summary of changes in net position during the fiscal years ended June 30, 2013 and June 30, 2012, is presented below:

| Changes in Net Position (dollars in thousands) | | | | |
|--|--------------------------|--------------------------|----------------------------------|------------------------------|
| | <u>June 30, 2013</u> | <u>June 30, 2012</u> | <u>Increase / (Decrease)</u> | <u>Percentage Change</u> |
| Additions | | | | |
| Member Contributions | \$ 326,518 | \$ 335,548 | \$ (9,030) | (2.7)% |
| Employer Contributions | 2,087,315 | 1,605,839 | 481,476 | 30.0 |
| Other Contributions | 89,132 | 89,763 | (631) | (0.7) |
| Net Investment Income | 1,514,313 | 172,801 | 1,341,512 | 776.3 |
| Other Additions | 14,865 | 13,125 | 1,740 | 13.3 |
| Total Additions | \$ 4,032,143 | \$ 2,217,076 | \$ 1,815,067 | 81.9 % |
| Deductions | | | | |
| Benefits – Pension, Disability, Death | \$ 2,132,433 | \$ 2,034,849 | \$ 97,584 | 4.8 % |
| Distributions of Contributions and Interest | 98,414 | 95,431 | 2,983 | 3.1 |
| Pension Relief Distributions | 219,814 | 224,220 | (4,406) | (2.0) |
| Administrative Expenses | 32,193 | 31,489 | 704 | 2.2 |
| Project Expenses | 13,728 | 9,359 | 4,369 | 46.7 |
| All Other Deductions | 15,043 | 13,275 | 1,768 | 13.3 |
| Total Deductions | \$ 2,511,625 | \$ 2,408,623 | \$ 103,002 | 4.3 % |
| Net Increase / (Decrease) in Net Position | \$ 1,520,518 | \$ (191,547) | \$ 1,712,065 | 893.8 % |
| Changes in Net Position Restricted for: | | | | |
| Pension Benefits | \$ 1,502,042 | \$ (158,280) | | |
| Future Death Benefits* | 270 | 1,261 | | |
| State and Local Units** | 18,206 | (34,528) | | |

*Other Employment Benefit Trust Funds

**Pension Relief Fund only

Additions

Additions to the net position of INPRS needed to finance retirement benefits are accumulated primarily through contributions and investment income. Total additions for INPRS were \$4,032 million for fiscal year 2013, compared to \$2,217 million for fiscal year 2012, which represents an increase in total additions of \$1,815 million, or 81.9 percent. The primary reasons for the increase are as follows:

- Employer Contributions increased by \$481 million, or 30.0 percent. The primary reason for this increase was due to the State appropriating an additional \$329 million from State excess reserves in accordance with 2012 HB 1376. There was also a \$93

Management's Discussion and Analysis, continued

million increase in appropriations including the pre-funding of a one-time check (a.k.a. 13th check) of \$20 million. In addition, contributions due to employer rate increases/other increased by \$59 million.

- Net Investment Income increased by \$1,342 million, or 776 percent, driven by a 6.0 percent return in fiscal year 2013 compared to a 0.7 percent return for fiscal year 2012.
- Other Additions increased by \$2 million, or 13.3 percent, due to an increase in interfund transfers which by their nature, can fluctuate significantly from year to year.

Deductions

Benefit payments, distributions of contributions and interest to members who terminate employment, administrative expenses and project expenses primarily comprise the INPRS expenses, or deductions from net position. Total deductions for INPRS were \$2,511 million for fiscal year 2013, compared to \$2,409 million for fiscal year 2012, which represents an increase in total deductions of \$102 million, or 4.3 percent. The primary reasons for the increase are as follows:

- **Pension, Disability and Death Benefits** increased by \$98 million, or 4.8 percent, due to an increase in the number of retirees.
- **Project Expenses** increased by \$4 million, or 46.7 percent, primarily due to a higher amount of the project expenses for the Employer Reporting System and the Indiana Pension Administration System modernization program, in fiscal year 2013 versus fiscal year 2012.
- **All Other Deductions** increased by \$2 million, or 13.3 percent, due to higher local withdrawals and interfund transfers which by their nature, can fluctuate significantly from year to year.

Consolidated Defined Benefit Asset Allocation and Rate of Return on Investments

Effective October 28, 2011, the INPRS Board of Trustees approved the new strategic allocation for the Consolidated Defined Benefit Assets. Substantially all of the investments for the retirement plans administered by INPRS are pooled in the Consolidated Defined Benefit Retirement Assets. The following table presents the INPRS Consolidated Defined Benefit Assets investment allocation as of June 30, 2013, compared to the INPRS current target investment allocation and actual allocation as of June 30, 2012.

Consolidated Defined Benefit Asset Allocation

| | June 30, 2013 Actual | June 30, 2013 Target | June 30, 2012 Actual | Allowable Range For Investments ¹ |
|------------------------------------|-------------------------|-------------------------|-------------------------|---|
| Public Equity | 24.2% | 22.5% | 25.2% | 20.0% to 25.0% |
| Private Equity | 13.0 | 10.0 | 13.3 | 7.0% to 13.0% |
| Fixed Income - Ex Inflation-Linked | 22.0 | 22.0 | 25.1 | 19.0% to 25.0% |
| Fixed Income - Inflation-Linked | 10.0 | 10.0 | 10.5 | 7.0% to 13.0% |
| Commodities | 7.3 | 8.0 | 7.9 | 6.0% to 10.0% |
| Real Estate | 5.3 | 7.5 | 4.7 | 4.0% to 11.0% |
| Absolute Return | 8.6 | 10.0 | 6.3 | 6.0% to 14.0% |
| Risk Parity | 9.6 | 10.0 | 7.0 | 5.0% to 15.0% |
| Total | 100.0% | 100.0% | 100.0% | |

¹See Notes to the Financial Statements, Note 5. for additional information.

Management's Discussion and Analysis, continued

The Consolidated Defined Benefit Assets (i.e., INPRS-controlled asset allocation) rate of return on investments was positive 6.0 percent for fiscal year 2013, compared to the 6.75 percent actuarial-assumed long-term rate of return. The following provides a brief summary of the rate of return for each asset class for fiscal year 2013, compared to the respective benchmark for each asset class. The Investment Section provides additional information for the INPRS investments.

- **Public Equity**, which seeks to provide long-term capital appreciation and income through exposure to public equity securities, had a return on investment of positive 18.2 percent for fiscal year 2013. This return compared 1.1 percentage points favorable to the benchmark of positive 17.1 percent for the MSCI All Country World IMI Index.
- **Private Equity**, which seeks to provide risk-adjusted returns in excess of the public equity markets while simultaneously decreasing the volatility of the INPRS investment portfolio through diversification, had a return on investment of positive 11.7 percent for fiscal year 2013. This return compared (12.8) percentage points unfavorable to the benchmark of positive 24.5 percent for the Russell 3000 Index plus 300 basis points.
- **Fixed Income – Ex Inflation-Linked**, which seeks to generate current income and long-term risk-adjusted returns through investments in debt securities, had a return on investment of positive 0.5 percent for fiscal year 2013. This return was (1.2) percentage points unfavorable to the benchmark of positive 1.7 percent for the Barclays Capital Global Aggregate Index.
- **Fixed Income – Inflation-Linked**, or Treasury Inflation Protected Securities (TIPS), which seeks to generate long-term risk-adjusted returns through investments in inflation-linked securities and to provide protection against unanticipated inflation, had a return on investment of negative (3.6) percent for fiscal year 2013. This return compared (0.2) percentage points unfavorable to the benchmark of negative (3.4) percent for the Barclays Capital Global Inflation-Linked Bond Index.
- **Commodities**, which seek to enhance long-term risk-adjusted returns by preserving investment capital, lowering overall volatility, and providing a hedge against unanticipated inflation, had a return on investment of negative (4.4) percent for fiscal year 2013. This return compared (1.4) percentage points unfavorable to the benchmark of negative (3.0) percent for a 50/50 blend of the Dow Jones UBS Commodity Index and the Goldman Sachs Commodity Index.
- **Real Estate**, which seeks to generate attractive risk-adjusted returns by providing stable current income, preserving investment capital, and reducing volatility by providing a hedge against unanticipated inflation, had a return on investment of positive 13.8 percent for fiscal year 2013. This return compared 4.1 percentage points favorable to the benchmark of positive 9.7 percent for the NCREIF Open End Diversified Core Equity Index.
- **Absolute Return**, which seeks to enhance the long-term risk-adjusted returns by providing diversification benefits, while preserving capital and reducing volatility, had a return on investment of positive 6.9 percent for fiscal year 2013. This return compared (0.3) percentage points unfavorable to the benchmark of positive 7.2 percent for the HFRI Fund of Funds Composite Index.
- **Risk Parity**, which seeks to create risk-balance that, is capable of delivering consistent and high risk-adjusted returns in several macro-economic environments, had a return on investment of negative (0.4) percent for fiscal year 2013. This return compared (11.1) percentage points unfavorable to the benchmark of positive 10.7 percent for the blended benchmark of the MSCI ACWI IMI Index (equities – 60 percent) and Barclays Global Aggregate Bond Index (40 percent).

Management’s Discussion and Analysis, continued

Actuarial Valuations and Funding Progress

The overall objective of a pension fund is to accumulate sufficient funds to meet all expected future obligations to members. A pension fund is fully funded when it has enough money in reserve to meet all expected future obligations to participants. The goal for the defined benefit retirement plans is to make progress toward achieving full funding.

The funded ratios of the defined benefit pension plans administered by INPRS as of the latest actuarial valuations were as follows:

| Historical Trends | | |
|---|----------------------|----------------------|
| | June 30, 2013 | June 30, 2012 |
| PERF | 80.2% | 76.6% |
| TRF 1996 Account | 93.8 | 90.7 |
| 1977 Fund | 95.2 | 91.9 |
| JRS | 84.1 | 59.4 |
| EG&C Plan | 83.5 | 67.1 |
| PARF | 78.7 | 49.0 |
| LEDB Plan | 79.8 | 75.0 |
| Total INPRS (Excluding TRF Pre-1996 Account¹) | 85.3% | 81.2% |
| TRF Pre-1996 Account ¹ | 31.8 | 30.1 |
| Total INPRS (Including TRF Pre-1996 Account¹) | 64.5% | 60.8% |

¹Pay-As-You-Go Plan

An analysis of the funding progress, employer contributions and a discussion of actuarial assumptions and methods is set forth in Note 10 and in the Required Supplementary Information of the Financial Section. For additional actuarial-related information, refer to the Actuarial Section of the CAFR.

Indiana Public Retirement System



Statement of Fiduciary Net Position

As of June 30, 2013 (with Comparative Totals for the Year Ended June 30, 2012)¹

(dollars in thousands)

| | Pension Trust Funds | | | | | | | |
|---|----------------------------------|---------------------------|---|---------------------------|---|--|-----------------------------------|--|
| | Public Employees Retirement Fund | Teachers' Retirement Fund | 1977 Police Officers' and Firefighters' Pension and Disability Fund | Judges' Retirement System | State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan | Prosecuting Attorneys' Retirement Fund | Legislators' Defined Benefit Plan | Legislators' Defined Contribution Plan |
| Assets | | | | | | | | |
| Cash | \$ 6,129 | \$ 2,703 | \$ 1,278 | \$ 13 | \$ 11 | \$ - | \$ 1 | \$ 14 |
| Receivables: | | | | | | | | |
| Contributions Receivable | 9,161 | 6,850 | 3,700 | - | - | - | - | - |
| Miscellaneous Receivables | 862 | 346 | 65 | 50 | - | 44 | - | 935 |
| Investments Receivable | 1,106,242 | 809,584 | 433,494 | 39,606 | 10,228 | 5,048 | 352 | 1,952 |
| Interest and Dividends | 43,340 | 33,242 | 13,025 | 1,190 | 307 | 152 | 11 | 69 |
| Due From Other Funds | 5,669 | 1,103 | 59 | 5 | 1 | - | - | - |
| Total Receivables | 1,165,274 | 851,125 | 450,343 | 40,851 | 10,536 | 5,244 | 363 | 2,956 |
| Investments: | | | | | | | | |
| Short Term Investments | - | - | - | - | - | - | - | - |
| Pooled Unit Trust Assets: | | | | | | | | |
| Repurchase Agreements | 13,294 | 9,281 | 5,511 | 504 | 130 | 64 | 4 | 12 |
| Short Term Investments | 665,202 | 488,496 | 245,323 | 22,414 | 5,788 | 2,857 | 199 | 994 |
| Fixed Income | 5,627,991 | 4,338,409 | 1,465,065 | 133,855 | 34,566 | 17,060 | 1,190 | 6,168 |
| Equities | 3,010,773 | 2,534,631 | 992,056 | 90,639 | 23,406 | 11,552 | 806 | 14,204 |
| Other Investments | 3,619,640 | 2,527,811 | 1,500,262 | 137,081 | 35,399 | 17,472 | 1,219 | 3,345 |
| Securities Lending Collateral | 497,524 | 347,371 | 206,268 | 18,846 | 4,867 | 2,402 | 168 | 458 |
| Total Investments | 13,434,424 | 10,245,999 | 4,414,485 | 403,339 | 104,156 | 51,407 | 3,586 | 25,181 |
| Other Assets | 304 | - | - | - | - | - | - | - |
| Gross Capitalized Assets | 13,776 | 4,553 | 527 | 21 | 20 | 15 | 1 | 3 |
| Less: Accumulated Depreciation and Amortization | (4,820) | (1,732) | (188) | (7) | (7) | (5) | (1) | (2) |
| Net Capitalized Assets | 8,956 | 2,821 | 339 | 14 | 13 | 10 | - | 1 |
| Total Assets | 14,615,087 | 11,102,648 | 4,866,445 | 444,217 | 114,716 | 56,661 | 3,950 | 28,152 |
| Liabilities | | | | | | | | |
| Accounts Payable | 5,001 | 896 | 62 | 4 | 3 | 1 | - | 1 |
| Retirement Benefits Payable | 775 | 86,899 | 7 | 10 | - | - | 1 | - |
| Salaries and Benefits Payable | 2,589 | - | - | - | - | - | - | - |
| Investments Payable | 1,307,756 | 957,994 | 509,623 | 46,561 | 12,024 | 5,934 | 415 | 2,297 |
| Securities Lending Obligations | 497,525 | 347,369 | 206,268 | 18,846 | 4,867 | 2,402 | 169 | 458 |
| Securities Sold Under Agreement to Repurchase | 79,668 | 55,626 | 33,029 | 3,018 | 779 | 385 | 28 | 73 |
| Due to Other Funds | 1,172 | 4,985 | 595 | 26 | 24 | 19 | - | 1 |
| Total Liabilities | 1,894,486 | 1,453,769 | 749,584 | 68,465 | 17,697 | 8,741 | 613 | 2,830 |
| Net Position Restricted for: | | | | | | | | |
| Pension Benefits ² | 12,720,601 | 9,648,879 | 4,116,861 | 375,752 | 97,019 | 47,920 | 3,337 | 25,322 |
| Future Death Benefits | - | - | - | - | - | - | - | - |
| Local Units | - | - | - | - | - | - | - | - |
| Total Net Position Restricted | \$ 12,720,601 | \$ 9,648,879 | \$ 4,116,861 | \$ 375,752 | \$ 97,019 | \$ 47,920 | \$ 3,337 | \$ 25,322 |

¹The accompanying notes are an integral part of the financial statements. Please see the Notes to the Financial Statements for further details.

²A schedule of funding progress for each plan is presented in the Required Supplementary Information.

Indiana Public Retirement System



Statement of Fiduciary Net Position, continued As of June 30, 2013 (with Comparative Totals for the Year Ended June 30, 2012)¹

| (dollars in thousands) | Other Employment Benefit Trust Funds | | Investment Trust Fund | 2013 Totals | 2012 Totals |
|---|--------------------------------------|--|-----------------------|----------------------|----------------------|
| | State Employees' Death Benefit Fund | Public Safety Officers' Special Death Benefit Fund | Pension Relief Fund | | |
| Assets | | | | | |
| Cash | \$ - | \$ 92 | \$ 1,054 | \$ 11,295 | \$ 28,134 |
| Receivables: | | | | | |
| Contributions Receivable | - | - | - | 19,711 | 200,964 |
| Miscellaneous Receivables | - | - | - | 2,302 | 1,213 |
| Investments Receivable | - | - | - | 2,406,506 | 1,696,567 |
| Interest and Dividends | 54 | 34 | - | 91,424 | 86,947 |
| Due From Other Funds | - | - | - | 6,837 | 7,638 |
| Total Receivables | 54 | 34 | - | 2,526,780 | 1,993,329 |
| Investments: | | | | | |
| Short Term Investments | - | - | 35,587 | 35,587 | 14,117 |
| Pooled Unit Trust Assets: | | | | | |
| Repurchase Agreements | - | - | - | 28,800 | 97,490 |
| Short Term Investments | 230 | 146 | - | 1,431,649 | 2,479,447 |
| Fixed Income | 7,402 | 4,683 | - | 11,636,389 | 11,746,258 |
| Equities | - | - | - | 6,678,067 | 6,207,694 |
| Other Investments | - | - | - | 7,842,229 | 6,219,243 |
| Securities Lending Collateral | 1,619 | 1,024 | - | 1,080,547 | 897,731 |
| Total Investments | 9,251 | 5,853 | 35,587 | 28,733,268 | 27,661,980 |
| Other Assets | - | - | - | 304 | 125 |
| Gross Capitalized Assets | - | - | 2 | 18,918 | 15,345 |
| Less: Accumulated Depreciation and Amortization | - | - | (2) | (6,764) | (4,416) |
| Net Capitalized Assets | - | - | - | 12,154 | 10,929 |
| Total Assets | 9,305 | 5,979 | 36,641 | 31,283,801 | 29,694,497 |
| Liabilities | | | | | |
| Accounts Payable | - | 300 | 9 | 6,277 | 6,263 |
| Retirement Benefits Payable | - | - | - | 87,692 | 959 |
| Salaries and Benefits Payable | - | - | - | 2,589 | 2,116 |
| Investments Payable | 3 | 2 | - | 2,842,609 | 3,067,466 |
| Securities Lending Obligations | 1,619 | 1,024 | - | 1,080,547 | 897,731 |
| Securities Sold Under Agreement to Repurchase | - | - | - | 172,606 | 148,198 |
| Due to Other Funds | - | - | 15 | 6,837 | 7,638 |
| Total Liabilities | 1,622 | 1,326 | 24 | 4,199,157 | 4,130,371 |
| Net Position Restricted for: | | | | | |
| Pension Benefits ² | - | - | 32,375 | 27,068,066 | 25,547,239 |
| Future Death Benefits | 7,683 | 4,653 | - | 12,336 | 12,366 |
| Local Units | - | - | 4,242 | 4,242 | 4,521 |
| Total Net Position Restricted | \$ 7,683 | \$ 4,653 | \$ 36,617 | \$ 27,084,644 | \$ 25,564,126 |

¹The accompanying notes are an integral part of the financial statements. Please see the Notes to the Financial Statements for further details.

²A schedule of funding progress for each plan is presented in the Required Supplementary Information.

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2013 (with Comparative Totals for the Year Ended June 30, 2012)¹

(dollars in thousands)

Pension Trust Funds

| | Public Employees' Retirement Fund | Teachers' Retirement Fund | 1977 Police Officers' and Firefighters' Pension and Disability Fund | Judges' Retirement System | State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan | Prosecuting Attorneys' Retirement Fund | Legislators' Defined Benefit Plan | Legislators' Defined Contribution Plan |
|---|-----------------------------------|---------------------------|---|---------------------------|---|--|-----------------------------------|--|
| Additions | | | | | | | | |
| Contributions: | | | | | | | | |
| Member Contributions | \$ 156,408 | \$ 122,953 | \$ 40,786 | \$ 2,631 | \$ 1,006 | \$ 1,271 | \$ - | \$ 1,463 |
| Employer Contributions | 455,658 | 1,163,794 | 137,111 | 111,419 | 19,740 | 19,443 | 150 | - |
| Other Contributions | - | 30,000 | - | - | - | - | - | - |
| Total Contributions | 612,066 | 1,316,747 | 177,897 | 114,050 | 20,746 | 20,714 | 150 | 1,463 |
| Investment Income: | | | | | | | | |
| Net Appreciation/(Depreciation) Fair Value of Investments | 487,490 | 418,972 | 158,819 | 11,413 | 3,244 | 1,226 | 146 | 1,911 |
| Other Net Investment Income | 68,274 | 47,869 | 27,935 | 2,415 | 637 | 296 | 24 | (214) |
| Net Interest and Dividends Income | 199,248 | 150,797 | 59,730 | 5,054 | 1,346 | 620 | 51 | 234 |
| Securities Lending Income | 2,720 | 1,898 | 1,115 | 94 | 25 | 11 | 1 | 3 |
| Total Net Investment Income | 757,732 | 619,536 | 247,599 | 18,976 | 5,252 | 2,153 | 222 | 1,934 |
| Less Direct Investment Expenses: | | | | | | | | |
| Investment Management Fees | (58,931) | (42,118) | (23,207) | (1,967) | (523) | (238) | (20) | (70) |
| Securities Lending Fees | (408) | (284) | (167) | (14) | (4) | (2) | - | - |
| Direct Investment Expenses | (7,061) | (3,425) | (715) | (40) | (23) | (16) | (1) | (6) |
| Net Investment Income / (Loss) | 691,332 | 573,709 | 223,510 | 16,955 | 4,702 | 1,897 | 201 | 1,858 |
| Other Additions: | | | | | | | | |
| Miscellaneous Income | 31 | 10 | 18 | 5 | - | - | - | 42 |
| Interfund Transfers | 4,363 | 10,204 | 71 | 121 | - | - | - | - |
| Total Other Additions | 4,394 | 10,214 | 89 | 126 | - | - | - | 42 |
| Total Additions | 1,307,792 | 1,900,670 | 401,496 | 131,131 | 25,448 | 22,611 | 351 | 3,363 |
| Deductions | | | | | | | | |
| Pension and Disability Benefits | 722,585 | 1,287,439 | 95,935 | 17,526 | 4,799 | 2,040 | 365 | - |
| Special Death Benefits | - | - | 794 | - | - | - | - | - |
| Distribution of Contributions and Interest | 68,775 | 22,664 | 3,074 | 53 | 37 | 195 | - | 3,616 |
| Pension Relief Distributions | - | - | - | - | - | - | - | - |
| Local Unit Withdrawals | - | - | - | - | - | - | - | - |
| Administrative Expenses | 20,346 | 10,127 | 1,312 | 102 | 99 | 128 | 31 | 4 |
| Project Expenses | 8,835 | 4,281 | 533 | 24 | 22 | 17 | 3 | - |
| Interfund Transfers | 10,405 | 4,339 | - | - | 15 | - | - | - |
| Total Deductions | 830,946 | 1,328,850 | 101,648 | 17,705 | 4,972 | 2,380 | 399 | 3,620 |
| Net Increase / (Decrease) | 476,846 | 571,820 | 299,848 | 113,426 | 20,476 | 20,231 | (48) | (257) |
| Beginning Net Position Restricted for: | | | | | | | | |
| Pension Benefits | 12,243,755 | 9,077,059 | 3,817,013 | 262,326 | 76,543 | 27,689 | 3,385 | 25,579 |
| Future Death Benefits | - | - | - | - | - | - | - | - |
| Local Units | - | - | - | - | - | - | - | - |
| Ending Net Position Restricted | \$ 12,720,601 | \$ 9,648,879 | \$ 4,116,861 | \$ 375,752 | \$ 97,019 | \$ 47,920 | \$ 3,337 | \$ 25,322 |

¹The accompanying notes are an integral part of the financial statements. Please see the Notes to the Financial Statements for further details.

Indiana Public Retirement System



Statement of Changes in Fiduciary Net Position, continued

For the Year Ended June 30, 2013 (with Comparative Totals for the Year Ended June 30, 2012)¹

(dollars in thousands)

| | Other Employment Benefit Trust Funds | | Investment Trust Fund | 2013 Totals | 2012 Totals |
|---|--------------------------------------|--|-----------------------|----------------------|----------------------|
| | State Employees' Death Benefit Fund | Public Safety Officers' Special Death Benefit Fund | Pension Relief Fund | | |
| Additions | | | | | |
| Contributions: | | | | | |
| Member Contributions | \$ - | \$ - | \$ - | \$ 326,518 | \$ 335,548 |
| Employer Contributions | - | - | 180,000 | 2,087,315 | 1,605,839 |
| Other Contributions | - | 544 | 58,588 | 89,132 | 89,763 |
| Total Contributions | - | 544 | 238,588 | 2,502,965 | 2,031,150 |
| Investment Income: | | | | | |
| Net Appreciation/(Depreciation) Fair Value of Investments | (148) | (96) | - | 1,082,977 | (281,606) |
| Other Net Investment Income | - | - | - | 147,236 | 94,144 |
| Net Interest and Dividends Income | 208 | 128 | 79 | 417,495 | 471,039 |
| Securities Lending Income | 2 | 1 | - | 5,870 | 7,629 |
| Total Net Investment Income | 62 | 33 | 79 | 1,653,578 | 291,206 |
| Less Direct Investment Expenses: | | | | | |
| Investment Management Fees | (12) | (7) | - | (127,093) | (106,484) |
| Securities Lending Fees | - | - | - | (879) | (631) |
| Direct Investment Expenses | - | - | (6) | (11,293) | (11,290) |
| Net Investment Income / (Loss) | 50 | 26 | 73 | 1,514,313 | 172,801 |
| Other Additions: | | | | | |
| Miscellaneous Income | - | - | - | 106 | 100 |
| Interfund Transfers | - | - | - | 14,759 | 13,025 |
| Total Other Additions | - | - | - | 14,865 | 13,125 |
| Total Additions | 50 | 570 | 238,661 | 4,032,143 | 2,217,076 |
| Deductions | | | | | |
| Pension and Disability Benefits | - | - | - | 2,130,689 | 2,033,911 |
| Special Death Benefits | 50 | 600 | 300 | 1,744 | 938 |
| Distribution of Contributions and Interest | - | - | - | 98,414 | 95,431 |
| Pension Relief Distributions | - | - | 219,814 | 219,814 | 224,220 |
| Local Unit Withdrawals | - | - | 284 | 284 | 250 |
| Administrative Expenses | - | - | 44 | 32,193 | 31,489 |
| Project Expenses | - | - | 13 | 13,728 | 9,359 |
| Interfund Transfers | - | - | - | 14,759 | 13,025 |
| Total Deductions | 50 | 600 | 220,455 | 2,511,625 | 2,408,623 |
| Net Increase / (Decrease) | - | (30) | 18,206 | 1,520,518 | (191,547) |
| Beginning Net Position Restricted for: | | | | | |
| Pension Benefits | - | - | 13,890 | 25,547,239 | 25,739,801 |
| Future Death Benefits | 7,683 | 4,683 | - | 12,366 | 11,105 |
| Local Units | - | - | 4,521 | 4,521 | 4,767 |
| Ending Net Position Restricted | \$ 7,683 | \$ 4,653 | \$ 36,617 | \$ 27,084,644 | \$ 25,564,126 |

¹The accompanying notes are an integral part of the financial statements. Please see the Notes to the Financial Statements for further details.

Note 1. Description of Retirement Plans

(A) Public Employees' Retirement Fund

Plan Description

The Public Employees' Retirement Fund (PERF) is an agent multiple-employer defined benefit plan established to provide retirement, disability, and survivor benefits to full-time employees of the state of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. Political subdivisions means a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. There are two (2) tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' ASA Only Plan (PERF ASA Only Plan). Details of the PERF Hybrid Plan and PERF ASA Only Plan are described below.

The PERF ASA Only Plan was effective March 1, 2013. For the first time, newly hired full-time employees of the state of Indiana can now elect to participate in either the PERF Hybrid Plan or the PERF ASA Only Plan.

Membership

PERF acts as a common investment and administrative agent for units of state and local governments in Indiana and covers many officers and employees of municipalities of the state (referred to as political subdivisions), including counties, cities, towns, townships, libraries, and school corporations. The political subdivisions become participants by ordinance or resolution of the governing body, which specifies the classifications of employees who will become members of the plan. The ordinance or resolution is filed with and approved by INPRS. In order to be a member, employees hired after June 30, 1982, except employees of a participating school corporation, must occupy positions normally requiring performance of service of more than 1,000 hours during a year. Effective July 1, 2008, members who have at least one (1) year of service in both PERF and TRF, have the option of choosing from which of these funds they would like to retire.

As of June 30, 2013, there were 1,120 participating political subdivisions and 17 State-related participating employers. As of June 30, 2013, PERF membership consisted of:

| | Public Employees' Retirement Fund | |
|---|-----------------------------------|-----------|
| | Hybrid | ASA Only |
| Retired Members, Beneficiaries, and Disabled Members Receiving Benefits | 75,950 | - |
| Terminated Vested Members Entitled To But Not Yet Receiving Benefits | 23,504 | - |
| Terminated Non-Vested Members Entitled To a Distribution of ASA Balance | 51,057 | - |
| Active Members: Vested and Non-Vested | 137,867 | 70 |
| Total | 288,378 | 70 |
| Total Covered Payroll for Active Members (dollars in thousands) | \$4,766,910 | |

Notes to the Financial Statements, continued June 30, 2013

PERF Hybrid Plan

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3, and IC 5-10.5. There are two (2) aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the Annuity Savings Account (ASA) that supplements the defined benefit at retirement.

Retirement Benefits

The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's Annuity Savings Account. The employer defined pension benefit contribution rate is based on an actuarial valuation and is adopted by the INPRS Board of Trustees in accordance with IC 5-10.2-2-11. The Annuity Savings Account consists of the member's contributions, set by statute at three (3) percent of compensation as defined by IC 5-10.2-3-2, plus the interest/earnings or losses credited to the member's account. The employer may elect to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10 percent of their compensation into their annuity savings accounts. A member's contributions and interest credits belong to the member and do not belong to the state or political subdivision.

Investments in the members' Annuity Savings Accounts are individually directed and controlled by plan participants who direct the investment of their account balances among the following eight (8) investment options with varying degrees of risk and return potential.

- **Guaranteed Fund** – This fund's objective is to provide stability of principal and a competitive interest rate. The interest rate is set by the INPRS Board of Trustees each year and is guaranteed for the fiscal year. Market risk is assumed by the Fund.
- **Large Cap Equity Index Fund** – This fund's objective is to seek investment growth/capital appreciation through passive investment in the stocks of the 500 largest U.S. companies. Market risk is assumed by the member.
- **Small/Mid Cap Equity Fund** – This fund's objective is to seek investment growth/capital appreciation through both active and passive investment in stocks of small- and mid-sized U.S. companies. Market risk is assumed by the member.
- **International Equity Fund** – This fund's objective is to seek investment growth/capital appreciation through both active and passive investment in stocks of non-U.S. companies in both developed and emerging markets. Market risk is assumed by the member.
- **Fixed Income Fund** – This fund's objective is to seek total return, consisting of income and capital appreciation. Market risk is assumed by the member.
- **Inflation-Linked Fixed Income Fund** – This fund's objective is to provide investors inflation protection and income consistent with investment in inflation-indexed securities. Principal and interest payments are adjusted in response to changes in inflation. Market risk is assumed by the member.
- **Money Market Fund** – This fund's objective is to provide a market rate of return consistent with the preservation of capital through a shorter maturity, high quality portfolio. Market risk is assumed by the member.
- **Target Date Funds** – The Funds are designed to seek an appropriate amount of total return, commensurate with risk, given the specific time horizon of each Fund. The Target Date Funds provide participants with a one-stop shop for

Notes to the Financial Statements, continued *June 30, 2013*

investing. Participants simply choose the Fund most appropriate for them based on the year in which they plan to withdraw their money (usually their retirement year). Once a participant selects the appropriate Fund, the underlying asset allocation automatically adjusts over time. Market risk is assumed by the member.

Members may make changes to their investment directions daily. Investments of the plan are reported at fair market value.

The pension benefit vests after 10 years of creditable service. The vesting period is eight (8) years for certain elected officials. Members are immediately vested in their Annuity Savings Account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's Annuity Savings Account, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their Annuity Savings Account and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the Annuity Savings Account. A non-vested member who terminates employment prior to retirement may withdraw his/her Annuity Savings Account after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the 20 calendar quarters of creditable service in which the member's annual compensation was the highest. All 20 calendar quarters do not have to be continuous, but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) different groups. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's salary.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2013; however, eligible members did receive a one-time check (a.k.a. 13th check) in September 2012. The amount of the one-time check ranged from \$150 to \$450, depending upon a member's years of service, and was for a member who retired or was disabled on or before January 1, 2012, and who was entitled

Notes to the Financial Statements, continued *June 30, 2013*

to receive a monthly benefit on July 1, 2012.

Disability and Survivor Benefits

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five (5) years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two (2) or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

PERF ASA Only Plan

The PERF ASA Only Plan was established by the Indiana Legislature in 2011, and is governed by the INPRS Board of Trustees in accordance with IC 5-10.3-12, and IC 5-10.5. This plan is funded by an employer and a member for the use of the member, or the member's beneficiaries or survivors, after the member's retirement. PERF ASA Only Plan members are full-time employees of the state of Indiana (as defined in IC 5-10.3-7-1(d)), who are in a position that would otherwise be eligible for membership in the PERF Hybrid Plan and who elect to become members of the PERF ASA Only Plan. The PERF ASA Only Plan membership does not include individuals who: (1) before March 1, 2013, are or were members of the PERF Hybrid Plan or (2) on or after March 1, 2013, do not elect to participate in the PERF ASA Only Plan. Any government agency that pays employees through the Auditor of the State is a mandatory participant in the ASA Only Plan and must offer eligible employees the ASA Only Plan option. Quasi-government agencies and state educational institutions may choose to offer the ASA Only Plan as an option to their employees.

The PERF ASA Only Plan maintains an Annuity Savings Account for each member. Each member's account consists of two (2) subaccounts within the Annuity Savings Account structure. There is a member contribution subaccount (which is the same as the Annuity Savings Account in the PERF Hybrid Plan) and an employer contribution subaccount.

The member's contribution subaccount consists of the member's contributions, set by statute at three (3) percent of compensation as defined by IC 5-10.3-12-23 plus the interest/earnings or losses credited to the member's contribution subaccount. The state shall pay the member's contributions on behalf of the member. The employer contribution subaccount consists of the employer's contributions and the earnings on the employer's contributions. The employer contribution rate is set by INPRS Board of Trustees in accordance with IC 5-10.2-2-11.

The PERF ASA Only Plan allows members to actively participate in managing their retirement benefits through self-directed investment options. All contributions made to a member's account (member contribution subaccount and employer contribution

Notes to the Financial Statements, continued *June 30, 2013*

subaccount) are invested as a combined total according to the member's investment elections. The members can direct their investments among the following aforementioned eight (8) investment options: Large Cap Equity Index Fund, Small/Mid Cap Equity Fund, International Equity Fund, Fixed Income Fund, Inflation-Linked Fixed Income Fund, Money Market Fund, Stable Value Fund, and Target Date Funds.

Members may make changes to their investment directions daily. Investments of the plan are reported at fair market value.

A member is immediately vested in the member contribution subaccount. In order to receive contributions and earnings from the employer contribution subaccount, a member must meet vesting requirements (full years of participation) to qualify for a distribution. The vesting schedule is as follows:

- One (1) year of participation = 20 percent
- Two (2) years of participation = 40 percent
- Three (3) years of participation = 60 percent
- Four (4) years of participation = 80 percent
- Five (5) years of participation = 100 percent

A member who terminates service in a covered position is entitled to withdraw total amounts in the member contribution subaccount. In addition, the member is entitled to withdraw amounts in the employer contribution subaccount to the extent the member is vested in this account. The member must be separated from employment for at least 30 days before the member may take a withdrawal from the member's account. The amount available for withdrawal is the fair value of the participant's account on the processing date. The withdrawal amount can be paid in a lump sum, a direct rollover to another eligible retirement plan, or if the member has attained normal retirement age and met other criteria established by the INPRS Board of Trustees as a monthly annuity.

If a member becomes disabled while in active service, subject to the member providing proof of the member's qualification for social security disability benefits to the Board of Trustees, a member may withdraw total amounts in the member contribution subaccount. To the extent that the member is vested, the member may make a withdrawal from the member's employer subaccount. The withdrawal amount can be paid in a lump sum, a direct rollover to another eligible retirement plan, or a monthly annuity if the member has attained normal retirement age and met other criteria established by the INPRS Board of Trustees.

If a member dies while in active service or after terminating service in a position covered by the Plan, but before withdrawing the member's account, all of the member's contribution subaccount, and to the extent that the member is vested, the employer contribution subaccount, will be paid to the beneficiary or beneficiaries designated by the member. The amount available for payment is the fair value of the participant's account. The beneficiary may elect to have member's account paid as a lump sum, a direct rollover to another eligible retirement plan, or as a monthly annuity in accordance with the rules of the INPRS Board of Trustees. The monthly annuity is an option only on or after the beneficiary attains normal retirement age and meets other criteria established by the INPRS Board of Trustees. If a member dies in the line of duty while in active service, the designated beneficiary or beneficiaries or surviving spouse or dependents, are entitled to payment of the member's account as described above. In addition,

Notes to the Financial Statements, continued June 30, 2013

if the member was not fully vested in the employer contribution subaccount, the account is deemed to be fully vested for purposes of withdrawal.

(B) Teachers' Retirement Fund

Plan Description

The Indiana State Teachers' Retirement Fund (TRF) is a cost-sharing, multiple-employer defined benefit plan established to provide retirement, disability, and survivor benefits to public school teachers and administrators, regularly employed licensed teachers at certain state universities and other educational institutions, and certain INPRS employees hired by TRF before July 1, 2011. There are two (2) aspects to the TRF defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the TRF benefit structure is the Annuity Savings Account that supplements the defined benefit at retirement.

TRF was established by the Indiana General Assembly in 1921. In 1955, TRF was designed as a pay-as-you-go defined benefit retirement plan. In 1995, legislation was passed that closed the pay-as-you-go plan (named the TRF Pre-1996 Account) to newly hired members and created a new account (named the TRF 1996 Account) for all members hired after June 30, 1995. TRF is governed by the INPRS Board of Trustees in accordance with IC 5-10.2, IC 5-10.4, and IC 5-10.5.

Membership

Membership in TRF is required for all legally qualified and regularly employed licensed teachers who serve in the public schools of Indiana, teachers employed by the state at state institutions, and certain INPRS employees. Additionally, faculty members and professional employees at Ball State University, Vincennes University, and the University of Southern Indiana have the option of selecting membership in the Fund or the alternate University Plan. Membership in TRF is optional for teachers employed by charter schools, employees and officials of the Indiana State Board of Education who were Indiana licensed teachers prior to their employment with the Board, and teachers employed by special management teams as defined under IC 20-31 et Seq.

As of June 30, 2013, the number of participating employers was 369. As of June 30, 2013, TRF membership consisted of:

| | |
|---|---------------------|
| Retired Members, Beneficiaries, and Disabled Members Receiving Benefits | 53,010 |
| Terminated Vested Members Entitled To But Not Yet Receiving Benefits | 6,417 |
| Terminated Non-Vested Members Entitled To a Distribution of ASA Balance | 11,693 |
| Active Members: Vested and Non-Vested | 70,414 |
| Total | 141,534 |
| Total Covered Payroll for Active Members (dollars in thousands) | \$ 4,124,368 |

Retirement Benefits

The TRF retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's Annuity Savings Account. The employer contribution for the TRF 1996 Account pension plan is based on an actuarial valuation and is adopted by the INPRS Board of Trustees in accordance with IC 5-10.2-2-11 and IC 5-10.4-2-4. The Annuity Savings Account consists of the member's contributions, set by statute at three (3) percent of compensation as

Notes to the Financial Statements, continued *June 30, 2013*

defined by IC 5-10.2-3-2, plus the interest/earnings or losses credited to the member's account. The employer may elect to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10 percent of their compensation into their annuity savings accounts. A member's contributions and interest credits belong to the member.

Investments in the members' annuity savings accounts are individually directed and controlled by plan participants who direct the investment of their account balances among the following seven (7) investment options with varying degrees of risk and return potential.

- **Guaranteed Fund** -- This fund's objective is to provide stability of principal and a competitive interest rate. The interest rate is set by the INPRS Board of Trustees each year and is guaranteed for the fiscal year. Market risk is assumed by the Fund.
- **Large Cap Equity Index Fund** – This fund's objective is to seek investment growth/capital appreciation through passive investment in the stocks of the 500 largest U.S. companies. Market risk is assumed by the member.
- **Small/Mid Cap Equity Fund** – This fund's objective is to seek investment growth/capital appreciation through both active and passive investment in stocks of small- and mid-sized U.S. companies. Market risk is assumed by the member.
- **International Equity Fund** – This fund's objective is to seek investment growth/capital appreciation through both active and passive investment in stocks of non-U.S. companies in both developed and emerging markets. Market risk is assumed by the member.
- **Fixed Income Fund** – This fund's objective is to seek total return, consisting of income and capital appreciation. Market risk is assumed by the member.
- **Inflation-Linked Fixed Income Fund** – This fund's objective is to provide investors inflation protection and income consistent with investment in inflation-indexed securities. Principal and interest payments are adjusted in response to changes in inflation. Market risk is assumed by the member.
- **Target Date Funds** – The Funds are designed to seek an appropriate amount of total return, commensurate with risk, given the specific time horizon of each Fund. The Target Date Funds provide participants with a one-stop shop for investing. Participants simply choose the Fund most appropriate for them based on the year in which they plan to withdraw their money (usually their retirement year). Once a participant selects the appropriate Fund, the underlying asset allocation automatically adjusts over time. Market risk is assumed by the member.

Members may make changes to their investment directions daily. Investments of the plan are reported at fair market value.

The pension benefit vests after 10 years of creditable service. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's Annuity Savings Account, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested TRF members leaving a covered position, who wait 30 days after termination, may withdraw their Annuity Savings Account and will not forfeit creditable service or a future retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the Annuity Savings Account. A non-vested member who terminates employment prior to retirement may withdraw his/her Annuity Savings Account after 30 days, but by doing so forfeit his/her creditable service. A member who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service.

Notes to the Financial Statements, continued *June 30, 2013*

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. Generally, the average annual compensation in this calculation is the average annual compensation for the five (5) years of service before retirement in which the member's annual compensation was the highest. For TRF members who take a leave of absence to serve as an elected official, the highest one (1) year of salary is used. In order for a year to be included in the five (5) years, the member must have received for the year credit under IC 5-10.4-4-2 for at least one-half (1/2) year of service. The five (5) years do not have to be continuous. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's salary.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

The monthly pension benefits for members in pay status may be increased as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2013; however, eligible members did receive a one-time check (a.k.a. 13th check) in September 2012. The amount of the one-time check ranged from \$150 to \$450, depending upon a member's years of service, and was for a member who retired or was disabled on or before January 1, 2012, and who was entitled to receive a monthly benefit on July 1, 2012.

Disability and Survivor Benefits

TRF also provides disability and survivor benefits. A member who has at least five (5) years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits, may retire for the duration of the disability if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement.

Members are eligible for a classroom disability benefit once they have earned five (5) years of service, have a temporary or permanent disability that continues for six (6) months or more, and applies for classroom disability benefits within one (1) year of the disability. Classroom disability refers to a medically confirmed inability to continue classroom teaching due to a mental or physical condition that is not necessarily of sufficient severity to meet social security disability guidelines. The eligible members may receive \$125 per month plus \$5 for each additional year of service credit over five (5) years.

Notes to the Financial Statements, continued June 30, 2013

Upon the death in service of a member with 15 or more years of creditable service, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two (2) or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after March 31, 1990, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

(C) 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund) is a cost-sharing, multiple-employer defined benefit plan established to provide retirement, disability, and survivor benefits to all full-time police officers and firefighters who are hired (or rehired) after April 30, 1977. The 1977 Fund was established in 1977 and is governed by IC 36-8-8 to provide coverage to full-time sworn officers of a police force of an Indiana city or town and full-time firefighters employed by an Indiana city, town, township or county.

Membership

As of June 30, 2013, the number of participating employers totaled 161. As of June 30, 2013, the 1977 Fund membership consisted of:

| | |
|---|--------------------------|
| Retired Members, Beneficiaries, and Disabled Members Receiving Benefits | 3,491 |
| Terminated Vested Members Entitled To But Not Yet Receiving Benefits | 129 |
| Terminated Non-Vested Members Entitled To a Distribution of Contributions | 796 |
| Active Members: Vested and Non-Vested | <u>13,287</u> |
| Total | <u>17,703</u> |
| Total Covered Payroll for Active Members (dollars in thousands) | <u>\$ 706,603</u> |

A member is required by statute to contribute six (6) percent of a first class officer's or firefighter's salary for the term of his/her employment up to 32 years. The accumulated value of the member's contribution, including interest, may be withdrawn if the member terminates employment prior to completing 20 years of service. The actuary determines employer contributions, subject to approval by the INPRS Board of Trustees.

Retirement Benefits

A member vests after 20 years of service. If the member retires at or after the age of 52 with 20 years of service, the benefit is equal to 50 percent of the salary of a first class officer, as reported by the employer in the year the 1977 Fund member ended service plus one (1) percent of that salary for each six (6) months of active service over 20 years to a maximum of 12 years. At age 50 and with 20 years of service, a member may elect to receive a reduced benefit by a factor established by the fund's actuary (IC 36-8-8-11).

Notes to the Financial Statements, continued *June 30, 2013*

The monthly pension benefits for members in pay status may be increased annually in accordance with the cost of living adjustment (COLA) statute (IC 36-8-8-15). A member is entitled to an annual increase in the member's benefit based on the percentage increase in the Consumer Price Index (January-March); however, the maximum increase is 3.0 percent. There was a COLA increase of 2.8 percent effective July 1, 2012.

Disability and Survivor Benefits

The 1977 Fund also provides disability and survivor benefits. An active member may file an application for disability benefits. A determination is then made by the local pension board, and reviewed by the INPRS Board of Trustees, as to whether the member has a covered impairment and whether the impairment was incurred in the line of duty or not. The calculation for disability benefits is based on when the member was first hired, the type of impairment and other factors. In addition, the heirs or estate of a fund member may be entitled to receive \$12,000 upon the member's death.

If a member dies while receiving retirement or disability benefits, there are provisions for the surviving spouse and child(ren) to receive a portion of the benefits. The member's surviving spouse is entitled to a monthly benefit equal to 60 percent of the member's monthly benefit during the spouse's lifetime. Each of the member's surviving child(ren) is entitled to a monthly benefit equal to 20 percent of the member's monthly benefit until the age of 18, or age 23, if a full-time student. If there is no eligible surviving spouse or child(ren), a dependent parent(s) may receive 50 percent of the member's monthly benefit during their lifetime.

(D) Judges' Retirement System

Plan Description

The Judges' Retirement System (JRS) is a single-employer defined benefit plan established to provide retirement, disability, and survivor benefits to judges and magistrates. JRS was established in 1953, and is governed through the INPRS Board of Trustees by IC 33-38-6, IC 33-38-7 (judges beginning service before September 1, 1985) and IC 33-38-8 (judges beginning service after August 31, 1985). Coverage is for any person who has served, is serving, or shall serve, as a regular judge or justice of the (1) Supreme Court of the state of Indiana, (2) Court of Appeals, (3) Indiana Tax Court, (4) Circuit Court of a Judicial Circuit, or (5) county courts including: Superior, Criminal, Probate, Juvenile, Municipal and County.

Membership

The Judges' Retirement System consists of two plans (the 1977 System and the 1985 System). The 1977 System includes all individuals who began service as a judge before September 1, 1985, unless the individual, within twenty days after becoming a judge, filed an irrevocable election not to participate in the 1977 System. The 1985 System covers all individuals who: (1) began service as a judge after August 31, 1985; and (2) are not participants in the 1977 System. Beginning January 1, 2011, full-time magistrates who were serving on July 1, 2010, may elect to be members of the 1985 System. The 1985 System is for all new judges, and beginning January 1, 2011, all new full-time magistrates (IC 33-38-8-10).

Notes to the Financial Statements, continued June 30, 2013

As of June 30, 2013, the Judges' Retirement System membership consisted of:

| | |
|---|------------------|
| Retired Members, Beneficiaries, and Disabled Members Receiving Benefits | 321 |
| Terminated Vested Members Entitled To But Not Yet Receiving Benefits | 67 |
| Terminated Non-Vested Members Entitled To a Distribution of Contributions | 32 |
| Active Members: Vested and Non-Vested | 365 |
| Total | 785 |
| | |
| Total Covered Payroll for Active Members (dollars in thousands) | \$ 46,967 |

Member contributions are established by statute at six (6) percent of compensation as defined by IC 33-38-8-11, which is deducted from the member's salary and remitted by the Auditor of State or the county auditor to the fund. The state of Indiana may elect to pay the contribution on behalf of the member. After a member has contributed to the fund for 22 years, the member is not required to make any additional contributions to the fund.

Employer contributions are actuarially determined and approved by the INPRS Board of Trustees and by the Indiana General Assembly as biennial appropriations from the state's General Fund. IC 33-38-6-17 provides that this appropriation include only funds sufficient to cover the aggregate liability of the fund for benefits to the end of the biennium on an actuarially funded basis. The statute also provides for remittance of docket fees and court fees which are considered employer contributions.

Retirement Benefits

A member vests after eight (8) years of creditable service. Judges who retire at or after age 65 with eight (8) years of creditable service (or are at least 55 years of age and the participant's age in years plus the participant's years of service total 85 or more) are entitled to an annual retirement benefit, payable monthly for life, in an amount calculated in accordance with statute.

The annual retirement benefit for a participant equals the product of the salary that was paid to the participant at the time of separation from service, multiplied by a percentage for years of service as defined in the statute. Applicable salary for participants in the 1985 Judges' System is defined in IC 33-38-8-14(e). The pension benefit for participants of the 1977 Judges' System is based on the salary being paid for the office that the participant held at the time of separation from service [IC 33-38-7-11(d)]. The statute provides for the percentage to be prorated for partial years of service. If the annual retirement benefit of a participant who began service as a judge before July 1, 1977, as computed per IC 33-38-7-11, is less than the benefit the participant would have received under IC 33-38-6 as in effect on June 30, 1977, the participant is entitled to receive the greater amount as the participant's annual retirement benefit.

A reduced amount is paid for early retirements that may be selected upon attainment of age 62. The participant's benefit is reduced by 0.1 percent for each month the member's age on the date the participant begins receiving a retirement benefit precedes the participant's 65th birthday.

The monthly pension benefits of the retired judges that were former participants in the 1977 System receive benefit increases whenever the salary of the position the retiree held at separation from service increases. Before fiscal year 2011, benefits of

Notes to the Financial Statements, continued June 30, 2013

judges who are members of the 1985 System were tied to the salary of the position at the time the participant separated from service and did not increase if the salary of the position increased after the participant separated from service. Before fiscal year 2011, the General Assembly provided cost of living adjustment (COLA) increases to participants in the 1985 System on an ad hoc basis. Beginning after June 30, 2010, a participant in the 1985 System receives an increase in the monthly benefit of the same percentage by which the salary of the office of the participant held at separation from service increases. The percentage increase to the monthly benefit takes effect at the same time that the salary increase takes effect (IC 33-38-8-25). There was a COLA increase of 2.2 percent effective July 1, 2012, for eligible participants in the 1977 System and 1985 System.

Disability and Survivor Benefits

There is no vesting requirement for permanent disability benefits. For both the 1977 System and the 1985 System, a participant is considered permanently disabled if the INPRS Board of Trustees receives a written certification by at least two (2) licensed and practicing physicians appointed by the INPRS Board of Trustees. A participant receiving disability benefits must be reexamined at least once a year by at least two (2) physicians appointed by the INPRS Board of Trustees.

Surviving spouses or dependent child(ren) are entitled to benefits if the participant had qualified to receive a retirement or disability benefit, or had completed at least eight (8) years of service and was in service as a judge. The minimum survivor benefit is \$12,000.

(E) State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan

Plan Description

The State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan (EG&C Plan) is a single-employer defined benefit plan established to provide retirement, disability, and survivor benefits to certain employees of the (1) Indiana Department of Natural Resources, (2) Indiana Alcohol and Tobacco Commission and (3) any Indiana state excise police officer, Indiana state conservation enforcement officer, gaming agent or any gaming control officer who is engaged exclusively in the performance of law enforcement duties. The EG&C Plan was established in 1972 and is governed by IC 5-10-5.5.

Membership

As of June 30, 2013, the EG&C Plan membership consisted of:

| | |
|---|------------------|
| Retired Members, Beneficiaries, and Disabled Members Receiving Benefits | 193 |
| Terminated Vested Members Entitled To But Not Yet Receiving Benefits | 4 |
| Terminated Non-Vested Members Entitled To a Distribution of Contributions | 87 |
| Active Members: Vested and Non-Vested | 473 |
| Total | 757 |
| Total Covered Payroll for Active Members (dollars in thousands) | \$ 26,201 |

Notes to the Financial Statements, continued *June 30, 2013*

Members are required by statute to contribute four (4) percent of the member's annual salary to the EG&C Plan. If a member leaves covered employment or dies before 15 years of creditable service, accumulated member contributions, plus interest as credited by the INPRS Board of Trustees, are distributed to the member, or to the designated beneficiary or the member's estate.

Retirement Benefits

Generally, pension benefits vest after 15 years of creditable service. Officers becoming participants after age 50 are vested after completion of 10 years of service. A participant is entitled to an annual pension benefit, paid in equal monthly installments beginning on the participant's normal retirement date, equal to 25 percent of the participant's average annual salary. A participant who completes more than 10 years of creditable service is entitled to receive an additional amount equal to 1.67 percent of the participant's average annual salary for each completed year of creditable service over 10 years. However, a participant's annual pension benefit may not exceed 75 percent of the participant's average annual salary.

Each participant is required to retire on or before the first day of the month following the participant's 65th birthday. However, a participant who is hired after age 50 must retire upon the earlier of: (1) the first day of the month following the participant's 65th birthday; or (2) the first day of the month following the date the participant completes 15 years of creditable service. A participant, who is at least 55 years of age and the sum of the participant's years of creditable service and age in years equals at least 85, may retire and become eligible for full retirement benefits. In addition, a participant may elect full retirement benefits at age 50 with 25 years of service. A reduced benefit is provided for early retirements that are elected upon attainment of age 45 with at least 15 years of creditable service. The monthly benefit is reduced by 0.25 percent for each full month by which the participant's early retirement date precedes the participant's 60th birthday.

Any participant who terminates service before accumulating 15 years of creditable service may become a member of the Public Employees' Retirement Fund (PERF). Upon payment of contributions and interest required by the INPRS Board of Trustees, the withdrawing participant shall be entitled to transfer creditable service to PERF.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2013; however, eligible members did receive a one-time check (a.k.a. 13th check) in September 2012. The amount of the one-time check ranged from \$125 to \$400, depending upon a member's years of service, and was for a member who retired or was disabled on or before January 1, 2012, and who was entitled to receive a monthly benefit on July 1, 2012.

Disability and Survivor Benefits

A participant who becomes permanently or temporarily disabled from performing all suitable and available work "on the force" for which the participant is or may be capable of becoming qualified, considering reasonable accommodation to the extent required by the Americans and Disability Act, is entitled to receive a disability benefit. The amount of the disability benefit paid to a participant depends on whether the disability arose in the line of duty, the degree of impairment as determined by INPRS Board of Trustees' medical authority, and the participant's monthly salary. A participant is entitled to receive creditable service for the time the participant receives disability benefits under a state disability plan established under IC 5-10-8-7.

Notes to the Financial Statements, continued June 30, 2013

If a participant has more than 15 years of creditable service at the time of death, survivor benefits are payable to the surviving spouse, parents, or dependent children, as nominated by the participant's written direction, acknowledged, and filed with the INPRS Board of Trustees. The surviving spouse or the parent(s) is entitled to an annual survivor's allowance for life equal to 50 percent of the amount the participant would have been entitled to if he/she had retired on the date of death. If nominated and eligible, surviving unmarried minor child(ren) are entitled to an annual survivor's allowance equal to 50 percent of the amount the participant would have been entitled to if he/she had retired, divided equally between or among all nominated and eligible children. This benefit will continue until the child reaches 18 years of age or marries, whichever occurs first.

(F) Prosecuting Attorneys' Retirement Fund

Plan Description

The Prosecuting Attorneys' Retirement Fund (PARF) is a single-employer defined benefit plan established to provide retirement, disability, and survivor benefits to prosecuting attorneys. PARF was established in 1989 and is governed through the INPRS Board of Trustees by IC 33-39-7. Coverage is for individuals who: (1) serve as a prosecuting attorney or a chief deputy prosecuting attorney; or (2) serve as the executive director or assistant executive director of the Indiana Prosecuting Attorneys Council or as a state-paid deputy prosecuting attorney. These individuals' salaries are paid from the General Fund of the state of Indiana.

Membership

As of June 30, 2013, the PARF membership consisted of:

| | |
|---|------------------|
| Retired Members, Beneficiaries, and Disabled Members Receiving Benefits | 95 |
| Terminated Vested Members Entitled To But Not Yet Receiving Benefits | 83 |
| Terminated Non-Vested Members Entitled To a Distribution of Contributions | 162 |
| Active Members: Vested and Non-Vested | 210 |
| Total | 550 |
| Total Covered Payroll for Active Members (dollars in thousands) | \$ 21,217 |

Members contribute six (6) percent of their salary to PARF. Members receive annual interest earnings on June 30 at a rate specified by the INPRS Board of Trustees on all amounts credited to the member as of June 30 of the preceding year in accordance with IC 33-39-7-14.

Retirement Benefits

A participant is entitled to a retirement benefit if the participant: (1) is at least age 62; (2) has at least eight (8) years of service credit; and (3) is not receiving salary for services currently performed. A member whose service ended prior to July 1, 2006 must have at least ten (10) years of service.

The retirement benefit of a participant who is at least age 65 is calculated by multiplying: (1) the highest annual salary paid to the participant before the participant's separation from service; by (2) a percentage based on the participant's years of service. The percentages range from 24 percent for eight (8) years of service to 60 percent for 22 or more years of service. If a participant is at least 62 years of age with at least eight (8) years of creditable service, a participant is entitled to receive a reduced annual

Notes to the Financial Statements, continued *June 30, 2013*

retirement benefit that equals the benefit, as calculated above, reduced by 0.25 percent per month for each month the participant retires prior to age 65.

In addition, a PARF participant is a member of PERF. A PARF participant's retirement benefit is reduced by the amount of the employer-financed pension benefit that would be payable to the participant had the participant retired from PERF on the date of the participant's retirement from the fund. However, the benefits payable to a participant from the fund are not reduced by any payments made to the participant from the participant's PERF Annuity Savings Account. The employer may elect to make the contributions on behalf of the member.

Disability and Survivor Benefits

PARF also provides disability and survivor benefits. A participant who has at least five (5) years of creditable service and becomes disabled while in active service may retire for the duration of the disability if the participant has qualified for social security disability benefits and has furnished proof of the qualification. The amount of the annual benefit payable to a participant for disability benefits is equal to the product of the annual salary that was paid to the participant at the time of separation from service multiplied by a percentage based on the participant's years of service. The percentages range from 40 percent for 5 to 10 years of service to 50 percent for 20 or more years of service. These benefits are reduced by any benefits payable to the participant from PERF.

The surviving spouse or designated beneficiary of a participant is entitled to a benefit if, on the date of the participant's death, the participant: (1) was receiving benefits; (2) has completed at least eight (8) years of service and was in service as a prosecuting attorney or chief deputy prosecuting attorney, executive director or assistant executive director of the Indiana Prosecuting Attorneys Council, or as a state-paid deputy prosecuting attorney; or (3) had met the requirements for a disability benefit.

Regardless of the participant's age at death, the surviving spouse's benefit is equal to the greater of: (1) \$7,000 annually; or (2) 50 percent of the amount of retirement benefit the participant was drawing at the time of death, or to which the participant would have been entitled had the participant retired and begun receiving retirement benefits on the date of death; survivor benefits are not subject to reduction for early retirement. If there is not a surviving spouse, there are provisions for dependents to receive benefits.

(G) Legislators' Retirement System

Plan Description

The Legislators' Retirement System was established in 1989 by IC 2-3.5. The retirement system is for certain members of the General Assembly of the state of Indiana as specified by the provisions of the statute.

The Legislators' Retirement System is comprised of two (2) separate and distinct plans. The Legislators' Defined Benefit Plan (LEDB Plan) (IC 2-3.5-4), a single-employer defined benefit plan, applies to members of the General Assembly who were serving on April 30, 1989, and who filed an election under IC 2-3.5-3-1(b). The Legislators' Defined Contribution Plan (LEDC Plan) (IC 2-3.5-5) applies to: (1) members of the General Assembly who were serving on April 30, 1989, and who filed an election under IC 2-3.5-3-1(b); (2) members of the General Assembly who are first elected or appointed after April 30, 1989; and (3) members of the General

Notes to the Financial Statements, continued June 30, 2013

Assembly who: (a) served before April 30, 1989; (b) were not serving on April 20, 1989; and (c) are subsequently reelected or reappointed to the General Assembly.

Membership

As of June 30, 2013, the Legislators' Retirement System membership consisted of:

| | <u>Defined Benefit Plan</u> | <u>Legislators' Defined Contribution Plan</u> |
|---|---------------------------------|---|
| Retired Members, Beneficiaries, and Disabled Members Receiving Benefits | 68 | - |
| Terminated Vested Members Entitled To But Not Yet Receiving Benefits | 9 | - |
| Terminated Non-Vested Members Entitled To a Distribution of Contributions | - | 58 |
| Active Members: Vested and Non-Vested | 24 | 167 |
| Total | 101 | 225 |

Legislators' Defined Benefit Plan

The LEDB Plan provides retirement, disability and survivor benefits. The LEDB Plan is closed to new entrants, as members of the General Assembly who began service after April 30, 1989, are not members of this plan.

A participant is entitled to an unreduced monthly retirement benefit if the participant is: (1) at least age 65 and has at least 10 years of service as a member of the General Assembly; (2) at least age 55 and whose years of service as a member of the General Assembly plus years of age equal at least 85; or (3) at least age 60 and has at least 15 years of service as a member of the General Assembly. To qualify for a monthly retirement benefit, the member: (1) must have terminated service as a member of the General Assembly; (2) has at least 10 years of service as a member of the General Assembly; and (3) is not receiving and is not entitled to receive a salary from the state.

The monthly retirement benefit is equal to the lesser of: (1) \$40 multiplied by the number of years of service in the General Assembly completed before November 8, 1989, or (2) the highest consecutive three-year average annual salary of the participant under IC 2-3-1-1 at the date the participant's service as a member of the General Assembly is terminated, divided by 12.

A participant who has reached at least age 55, has terminated service as a member of the General Assembly, has at least 10 years of service as a member of the General Assembly, and is not receiving, nor is entitled to receive, a salary from the state of Indiana, is eligible for early retirement with a reduced benefit. The reduction in the benefit is equal to: (1) 0.1 percent a month between ages 60 and 65; and (2) 5/12 percent a month between ages 55 and 60.

The monthly pension benefits for members in pay status are increased periodically as cost of living adjustments (COLA). COLA increases for the LEDB Plan are equal to the increase for the PERF Plan in accordance with IC 2-3.5-4-13 on an ad hoc basis and are generally based on date of retirement, and other eligibility factors. There was no COLA for the year ended June 30, 2013.

The LEDB Plan also provides disability and survivor benefits. A member who has at least five (5) years of creditable service and becomes disabled while in active service may retire for the duration of the disability if the member has qualified for social security

Notes to the Financial Statements, continued *June 30, 2013*

disability and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. If a participant dies while receiving retirement benefits, or had completed at least 10 years of service as a member of the General Assembly, or was permanently disabled and receiving disability benefits from the system, the surviving spouse is entitled to receive survivor benefits. The benefits are for life and are equal to 50 percent of the amount of retirement benefits that the participant was receiving at the time of death or that the participant would have been entitled to receive at 55 years of age, or at the date of death, whichever is later. If there is not a surviving spouse, there are provisions for dependents to receive benefits.

Legislators' Defined Contribution Plan

Each participant in the LEDC Plan shall make employee contributions of five (5) percent of salary received for services rendered after June 30, 1989. The employer contribution prior to January 1, 2009, was equal to 20 percent of the annual salary received by each participant for services rendered after June 30, 1989, and was appropriated from the state of Indiana General Fund. Effective January 1, 2009, the employer contribution rate is established each year by the INPRS Board of Trustees and is confirmed by the State Budget Agency. This rate, by statute, cannot exceed the total contribution rate paid that year by the state to PERF for state employees. That state contribution rate is the sum of: (1) the state's employer contribution rate for state employees, and (2) the rate the state pays on behalf of state employees to their annuity savings accounts (3.0 percent).

Investments in the members' accounts are individually directed and controlled by plan participants who direct the investment of their account balances among several investment options of varying degrees of risk and return potential. There are nine (9) investment options available to LEDC Plan members: Defined Benefit Unitized Assets, Stable Value Fund, Fixed Income Fund, Inflation-Linked Fixed Income Fund, Money Market Fund, Small/Mid Cap Equity Fund, Large Cap Equity Index Fund, International Equity Fund and Target Date Funds. Members may make changes to their investment directions daily. Investments of the plan are reported at fair value.

A participant of the LEDC Plan who terminates service as a member of the General Assembly is entitled to withdraw both the employee and employer contributions to the LEDC Plan. The amount available for withdrawal is the fair market value of the participant's account on the processing date. Account balances are fully vested to the participants. The withdrawn amount can be paid in a lump sum, a partial lump sum, a monthly annuity as purchased by the INPRS Board of Trustees, or a series of monthly installment payments over 60, 120, or 180 months as elected by the participant.

If a participant dies while a member of the General Assembly or after terminating service as a member, but prior to withdrawing from the LEDC Plan, the participant's account is to be paid to the beneficiary(ies) or to the survivor(s) if there is no properly designated beneficiary, or if no beneficiary survives the participant. The amount to be paid is the fair market value of the participant's account (employer and employee contributions) on the processing date.

A member of the LEDB Plan, under certain circumstances, may also be a member of the LEDC Plan.

Note 2. Description of Non-Retirement Plans

(A) State Employees' Death Benefit Fund

Indiana Code 5-10-11 established the State Employees' Death Benefit program. Under the program, a death benefit of \$50,000 is to be paid in a lump sum to the surviving spouse, or if there is no surviving spouse, to the surviving child(ren) and stepchildren (to be shared equally) of a state of Indiana employee who dies in the line of duty as defined in the statute. The children and stepchildren must also be dependent on the state employee who died in the line of duty.

The law provides that "the state may provide these benefits by purchasing group life insurance or by establishing a program of self-insurance." It was determined that a program of self-insurance would be established, and effective with the state's pay period ended October 23, 1993, the state assessed state agencies 0.1 percent of gross pay to fund this program. Due to the size of the fund and the infrequency of payments, collection of the assessment ceased in November 1999.

(B) Public Safety Officers' Special Death Benefit Fund

Indiana Code 5-10-10 established the Special Death Benefit Fund. The fund was established for the purpose of paying a lump sum death benefit of \$150,000 to the surviving spouse or child(ren) of a public safety officer (as defined by IC 5-10-10-4) or other eligible officers (as defined by IC 5-10-10-4.5) who die in the line of duty. If there is no surviving spouse or child(ren), the benefit is paid to the parent(s) in equal shares. The fund consists of bail bond fees remitted under IC 35-33-8-3.2, payments under IC 5-10-10-4.5, and investment earnings of the fund.

(C) Pension Relief Fund

The Pension Relief Fund (PR Fund) was created by the Indiana General Assembly in 1977 (IC 5-10.3-11). The purpose of the PR Fund is to give financial relief to pension funds maintained by units of local government for their police officers' and firefighters' retirement plan benefits.

Funding for the PR Fund is derived from contributions from the state of Indiana from a portion of cigarette and alcohol taxes, a portion of the state's lottery proceeds, interest earned by the Public Deposit Insurance Fund, investment income earned, and appropriations from the General Assembly.

Distributions are made from the PR Fund to units of local government in two equal installments before July 1 and before October 2 of each year. Effective January 1, 2009, the distribution is determined by an estimate of the total amount of pension, disability and survivors benefits from the 1925 Police Pension Fund (IC 36-8-6), the 1937 Firefighters' Pension Fund (IC 36-8-7), and the 1953 Police Pension Fund (IC 36-8-7.5). The estimate is prepared by the actuary on a city-by-city basis, and on a departmental basis.

As defined by IC 36-8-8-20, the PR Fund also pays a lump sum line of duty death benefit of \$150,000. As defined by IC 36-8-8-14.1, the benefit is paid to the following relative(s) of a fund member who dies in the line of duty: (1) to the surviving spouse; (2) if there is no surviving spouse, to the surviving child(ren) (to be shared equally); (3) if there is no surviving spouse or child(ren), to the parent(s) in equal shares.

Notes to the Financial Statements, continued June 30, 2013

In accordance with IC 5-10.3-11-6, separate accounts are maintained by INPRS for each unit of local government for amounts that have not been distributed to the local units. These amounts remain invested in the fund and are available to the units of local government at their request. As of June 30, 2013, units of local government had investments with a market value of approximately \$4.2 million on deposit in the PR Fund.

Note 3. Summary of Significant Accounting Policies

(A) Reporting Entity

Established July 1, 2011, the Indiana Public Retirement System and the governing board of trustees merged the administration of the Public Employees' Retirement Fund (PERF) and the Teachers' Retirement Fund (TRF). INPRS is an independent body corporate and politic and is not a department or agency of the state, but is an independent instrumentality exercising essential government functions (Public Law 23-2011). For these reasons, INPRS is a pension trust fund of the state of Indiana for financial statement reporting purposes.

The financial statements presented in this report represent only those funds for which the INPRS Board of Trustees has responsibility and are not intended to present the financial position or results of operations of the state of Indiana or all of the retirement and benefit plans administered by the state.

The following funds are included in the financial statements:

- Public Employees' Retirement Fund (PERF);
- Teachers' Retirement Fund (TRF);
- 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund);
- Judges' Retirement System (JRS);
- State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan (EG&C Plan);
- Prosecuting Attorneys' Retirement Fund (PARF);
- Legislators' Defined Benefit Plan (LEDB Plan);
- Legislators' Defined Contribution Plan (LEDC Plan);
- State Employees' Death Benefit Fund;
- Public Safety Officers' Special Death Benefit Fund; and
- Pension Relief Fund (PR Fund).

See Notes 1 and 2 for descriptions of these funds.

(B) Basis of Accounting

The financial statements of INPRS have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as applied to government units. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when liabilities are incurred, regardless of the timing of related cash flows. The Governmental Accounting

Notes to the Financial Statements, continued *June 30, 2013*

Standards Board (GASB) is the accepted standards setting body for established governmental accounting and financial reporting principles. INPRS applies all applicable GASB pronouncements in accounting and reporting for its operations.

The INPRS Board of Trustees administers eight (8) pension trust funds [seven (7) Defined Benefit plans and one (1) Defined Contribution plan], two (2) death benefit funds accounted for as other employee benefit trust funds, and an investment trust fund. These fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

(C) Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, the Board makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

(D) Reclassifications

Certain reclassifications have been made within the fiscal year 2012 financial statements to conform with the classifications for fiscal year 2013. All such changes had no impact on fiscal year 2012 or fiscal year 2013 total net position.

(E) Contributions Receivable

Contributions are recognized as revenues when earned, pursuant to formal commitments, as well as statutory or contractual requirements. Member and employer contributions are earned on the employers' payroll date. The estimate for contributions receivable at year end was calculated utilizing member and employer contributions from the last reported payroll period.

(F) Deposit and Investment Policies and Provisions

Oversight of INPRS' assets is the responsibility of the INPRS Board of Trustees. Indiana law requires the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as a fiduciary for all assets under its control. The INPRS Board of Trustees is required to diversify investments in accordance with the prudent investor standards.

At June 30, 2013, cash and investments of the funds were held by banks or trust companies under custodial agreements with INPRS. The INPRS Board of Trustees contracts with investment counsel, trust companies or banks to assist INPRS in its investment program. The Investment Policy Statement adopted by the INPRS Board of Trustees and the asset allocation approved by the Board of Trustees contains target allocations and allowable ranges that are expected to meet target rates of return over a long period of time while minimizing risk. See Note 5 for more information.

Investment purchases and sales of securities are recorded as of their trade date.

Notes to the Financial Statements, continued June 30, 2013

A summary of investments held, exclusive of the securities lending program which is fully disclosed in Note 5, is as follows:

(dollars in thousands)

| Investment Type ¹ | 6/30/2013 Fair Value | % of Total Investments |
|---|-------------------------|---------------------------|
| Repurchase Agreements | \$ 28,800 | 0.1 % |
| Short Term Investments² | | |
| Cash at Brokers | 227,648 | 0.8 |
| Money Market Sweep Vehicle | 983,930 | 3.6 |
| Commercial Paper | 9,692 | - |
| U.S. Treasury Obligations | 183,284 | 0.7 |
| U.S. Agencies | 43,070 | 0.2 |
| Non-U.S. Governments | 19,612 | - |
| Total Short Term Investments | 1,467,236 | 5.3 |
| Fixed Income Investments | | |
| U.S. Governments | 3,720,035 | 13.5 |
| Non-U.S. Governments | 1,372,552 | 5.0 |
| U.S. Agencies | 1,036,209 | 3.7 |
| Corporate Bonds | 3,579,475 | 12.9 |
| Asset-Backed Securities | 885,358 | 3.2 |
| Commingled Fixed Income Funds | 1,042,760 | 3.8 |
| Total Fixed Income Investments | 11,636,389 | 42.1 |
| Equity Investments | | |
| Domestic Equities | 2,921,738 | 10.6 |
| International Equities | 2,392,959 | 8.6 |
| Commingled Equity Funds | 1,363,370 | 4.9 |
| Total Equity Investments | 6,678,067 | 24.1 |
| Other Investments | | |
| Private Equity | 4,416,139 | 16.0 |
| Absolute Return | 1,046,869 | 3.8 |
| Private Real Estate | 355,020 | 1.3 |
| Risk Parity | 2,062,492 | 7.4 |
| Derivatives | (38,291) | (0.1) |
| Total Other Investments | 7,842,229 | 28.4 |
| Total Investments | \$ 27,652,721 | 100.0 % |

¹The amounts disclosed above will differ from the Asset Allocation Summary shown in the Investment Section. The investment type disclosure groups assets according to the security type assigned to each investment by the Custodian. The Asset Allocation summary groups assets according to the investment objective of each investment manager.

²Short Term Investments include highly liquid assets, both non-pooled and pooled, that are an integral part of the pension investments.

(G) Method Used to Value Investments

Plan investments are reported at fair value. Quoted market prices, when available, have been used to value investments. The

Notes to the Financial Statements, continued June 30, 2013

market values for securities that have no quoted market price represent estimated fair value. In general, corporate debt securities have been valued at quoted market prices or, if not available, values are based on yields currently available on comparable securities of issuers with similar credit ratings. Many factors are considered in arriving at the value. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at June 30. Asset-backed securities have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments. The fair value of real estate investment securities is based on appraisals plus fiscal year-to-date capital expenditures. Publicly traded alternative investments are valued based on quoted market prices. In the absence of readily determinable public market values, alternative investments are valued using current estimates of fair value obtained from a general partner of investment manager. Moreover, holdings are generally valued by a general partner or investment manager on a quarterly or semi-annual basis. Valuation assumptions are based upon the nature of the investment and the underlying business. Additionally, valuation techniques will vary by investment type and involve a certain degree of expert judgment. Alternative investments, such as investments in private equity or real estate, are generally considered to be illiquid long-term investments. As a result of the inherent uncertainty that exists in the valuation of alternative investments the realized value, upon the sale of an asset, may differ from the fair value. Valuations are generally provided by the General Partner as of March 31, 2013 and are adjusted for cash activity to arrive at a fair value as of June 30, 2013.

(H) Pooled Investment Unit Trust Accounting

Pooled unit trust accounting involves assigning units to each fund based on the share of the fund's investment fair value to the total fair value of the consolidated investments. The per-unit value of all participating funds will increase or (decrease) based on investment earnings or (losses) and appreciation or (depreciation). Deposits and withdrawals for each fund change the number of units held by each fund. These changes are recorded at the unit value on the transaction date. Investment earnings or losses and fees for the total consolidated fund are allocated to each of the pension funds on a monthly basis using the pro rata fair value share at month end.

In accordance with GASB criteria for internal investment pools, the assets and liabilities are allocated pro rata to each of the retirement funds within the pool. This includes securities lending collateral, repurchase agreements, investment receivables, interest and dividend receivables, investment payables, securities lending obligations, securities sold under agreement to repurchase and the investment holdings.

The INPRS Board of Trustees approved unitizing investment assets in order to provide for a consolidated rate of return and to invest in a diversified manner.

The INPRS Board of Trustees unitized, into a consolidated pool, the defined benefit assets of the following retirement funds and pension systems known collectively as the Consolidated Defined Benefit Assets:

- Public Employees' Retirement Fund (PERF)
- Teachers' Retirement Fund (TRF)
- 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund)
- Judges' Retirement Fund (JRS)
- State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Fund (EG&C Plan)

Notes to the Financial Statements, continued June 30, 2013

Prosecuting Attorneys' Retirement Fund (PARF)
Legislators' Defined Benefit Plan (LEDB Plan)

The INPRS Board of Trustees unitized into two separate consolidated pools that include the ASA investment assets of PERF and TRF and the Defined Contribution Assets of LEDC. The first pool is comprised of the PERF Guaranteed Fund and the TRF Guaranteed Fund, also known as the Guaranteed Fund Assets. The second pool was unitized effective April 2013 and is comprised of the other ASA assets and the LEDC Defined Contribution assets.

The State Employees' Death Benefit Fund and the Public Safety Officers' Special Death Benefit Fund were consolidated into a pool effective September 2011.

A summary of the pooled unit trust investments held by unitized value and fund is as follows:

(dollars in thousands)

| Trust Fund | Consolidated Defined Benefit Assets | ASA Guaranteed Fund Assets | All Other ASA/Defined Contribution Assets ¹ | Death Benefit Funds | Pooled Unit Trust Investments |
|---|-------------------------------------|----------------------------|--|---------------------|-------------------------------|
| Public Employees' Retirement Fund | \$ 9,918,495 | \$ 1,995,708 | \$ 784,847 | \$ - | \$ 12,699,050 |
| Teachers' Retirement Fund | 6,925,051 | 1,705,360 | 1,097,425 | - | 9,727,836 |
| 1977 Police Officers' and Firefighters' Pension and Disability Fund | 4,112,085 | - | - | - | 4,112,085 |
| Judges' Retirement System | 375,710 | - | - | - | 375,710 |
| State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan | 97,022 | - | - | - | 97,022 |
| Prosecuting Attorneys' Retirement Plan | 47,886 | - | - | - | 47,886 |
| Legislators' Defined Benefit Plan | 3,340 | - | - | - | 3,340 |
| Legislators' Defined Contribution Plan | 9,126 | - | 15,249 | - | 24,375 |
| State Employees' Death Benefit Fund | - | - | - | 7,684 | 7,684 |
| Public Safety Officers' Special Death Benefit Fund | - | - | - | 4,861 | 4,861 |
| Total INPRS Unitized Investments | \$ 21,488,715 | \$ 3,701,068 | \$ 1,897,521 | \$ 12,545 | \$ 27,099,849 |

¹All other ASA/defined contributions consist of PERF and TRF ASA assets which are not invested into the Guaranteed Fund plus other Legislators' defined contributions that are not invested into the Consolidated Defined Benefit Assets.

(I) Investments Receivable and Investments Payable

Investments receivable and investments payable consist primarily of receivables or payables for securities purchased or sold, but not settled as of June 30, 2013.

(J) Capitalized Assets

Capital assets, fixed and intangible, are capitalized at historical cost when total cost is \$20,000 or more. The costs of items like normal maintenance, repairs, and software license agreements that do not add to the value of the assets or materially extend assets' lives are not capitalized. Depreciation and amortization are calculated using straight-line method over the estimated useful

Notes to the Financial Statements, continued June 30, 2013

life of assets exceeding one (1) year life; depreciation and amortization expenses are recognized in administrative expenses.

The following are net capitalized asset values as of June 30, 2013:

(dollars in thousands)

| Capitalized Assets | Gross Cost | Accumulated Depreciation Amortization | Net Capitalized Assets |
|--------------------|------------------|---------------------------------------|------------------------|
| Land | \$ 547 | \$ - | \$ 547 |
| Building | 2,893 | (1,288) | 1,605 |
| Equipment | 87 | (87) | - |
| Software | 15,391 | (5,389) | 10,002 |
| Total | \$ 18,918 | \$ (6,764) | \$ 12,154 |

INPRS owns and occupies the land and building at 143 W. Market Street, Indianapolis, IN. The building is being depreciated over 20 years.

All capitalized equipment is currently fully depreciated. No new equipment was capitalized during the current fiscal year.

INPRS is in the process of implementing new computer systems. Amortization is computed over five (5) years when assets are placed in service. Costs for purchase and development of computer software meeting minimum cost and service life estimates are capitalized as incurred. A new employer reporting system was placed in service during fiscal year 2013.

(K) Benefits and Distributions

Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest are distributions from inactive, non-vested members' annuity savings accounts. These distributions may be requested by members or auto-distributed by the fund when certain criteria are met.

(L) Interfund Balances and Transfers

Total interfund balances represent routine transfers between funds for initial retirements and payments of shared administrative expenses as part of the agency's operations. Payments of interfund balances are funded on a routine basis between funds.

When statute allows, transfers of member and employer reserves are made between funds when a retiring member has service in multiple funds. Once a member selects which fund he/she wishes to retire from, creditable service covered by the other fund and the related Annuity Savings Account (ASA) balance will be transferred to the fund selected in calculating the member's retirement benefit. At the time the retirement is calculated, the fund selected sets up a receivable from the other fund for both the ASA balance and the calculated reserve for the service credit brought in from the other fund. This receivable is included as a line item in the Receivables section of Statement of Fiduciary Net Position. On the reverse side, a payable is recognized in the Liabilities section of the Statement of Fiduciary Net Position.

Notes to the Financial Statements, continued June 30, 2013

(M) Compensated Absences

INPRS' full-time employees accumulate earned but unused vacation, sick pay, and personal time each pay period. Bonus vacation days are awarded upon completion of five (5), 10 and 20 years of employment with INPRS and/or the state of Indiana. Upon separation from service, employees in good standing will be paid for a maximum of 30 unused vacation leave days.

Vacation and personal leave are reported as part of the Salaries and Benefits Payable line in the Liabilities section of the Statement of Fiduciary Net Position. No liability is reported for unpaid accumulated sick leave since it is not probable that sick leave will be paid.

(N) Administrative, Project and Direct Investment Expenses

An annual budget for the administrative, project and direct investment expenses of INPRS is reviewed and approved by the INPRS Board of Trustees. These expenses are paid from plan assets and investment earnings.

The PERF plan pays the shared administrative, project and direct investment expenses of all the funds. At June 30, a receivable is established in the PERF plan and a payable in the other funds for the amount due to the PERF plan for the other funds' administrative expenses. The payable and receivable are settled routinely.

(O) Federal Income Tax Status

Plans administered by INPRS qualify under Section 401(a) of the Internal Revenue Code (IRC) and are exempt from federal income taxes under Section 501(a) of the IRC.

(P) Reserves and Designations

The following are the legally required reserves.

1. Member Reserve – The member reserve represents member contributions made by or on behalf of the members plus any interest or earnings, less amounts distributed or transferred to the Benefits in Force reserve for retirement, disability, or other benefits. For the PERF and TRF plans, this reserve includes the members' annuity savings accounts.

2. Employer Reserve – This reserve consists of the accumulated employer contributions, plus earnings, less transfers made to the Benefits in Force reserve of the actuarial pension cost for retirement, disability, or other benefits.

3. Benefits in Force – This reserve represents the actuarially determined present value of future benefits for all members who are currently retired or disabled and survivors of members who died in service. The accumulated contributions of the members who elect to annuitize their annuity savings accounts and the actuarial pension cost are transferred to the reserve upon retirement, disability, or death.

4. Undistributed Investment Income Reserve – This reserve is credited with all investment earnings. Interest transfers are made periodically during the year to the other reserves as allowed or required by the individual funds' statutes. The transfers are at rates established by the INPRS Board of Trustees, statutes or the actual earning rates of the investment options, depending on the statutes of the individual funds. Any remaining balance (positive or negative) is transferred to the employer reserve and allocated to the employers of the funds.

Notes to the Financial Statements, continued June 30, 2013

Additional information regarding the funded status can be found in Note 10. The Member Reserve and Benefits in Force are fully funded.

The following are the balances of the reserves as of June 30, 2013:

(dollars in thousands)

| Retirement Funds | Member Reserve | Employer Reserve ¹ | Benefits in Force | Undistributed Income | Total Reserves |
|---------------------------------|----------------|-------------------------------|-------------------|----------------------|----------------|
| PERF | \$ 2,798,494 | \$ 4,115,118 | \$ 5,806,989 | \$ - | \$ 12,720,601 |
| TRF | 2,804,780 | 2,819,398 | 4,024,701 | - | 9,648,879 |
| 1977 Fund | 782,969 | 2,261,498 | 1,072,394 | - | 4,116,861 |
| Judges' Retirement System | 29,056 | 156,840 | 189,856 | - | 375,752 |
| EG&C Plan | 7,495 | 40,115 | 49,409 | - | 97,019 |
| PARF | 25,371 | 5,175 | 17,374 | - | 47,920 |
| Legislators' Retirement System: | | | | | |
| LEDB Plan | N/A | 671 | 2,666 | - | 3,337 |
| LEDC Plan | 25,322 | N/A | N/A | - | 25,322 |

¹The employer reserve includes \$24 thousand of reserve monies for the unvested portion of the ASA Only Plan.

(Q) PERF Annual Pension Cost and Net Pension Obligation

PERF is a pension trust fund of the State of Indiana, and PERF employees are combined with the state of Indiana for actuarial purposes.

The Annual Pension Cost and Net Pension Obligations as of June 30, 2013, and the historical trend information for the state of Indiana PERF Defined Benefit retirement plan are as follows:

Annual Pension Cost and Net Pension Obligations (dollars in thousands)

| | |
|---|------------------|
| Annual Required Contribution | \$ 160,150 |
| Interest on Net Pension Obligation | 3,427 |
| Adjustment to Annual Required Contribution | (3,989) |
| Annual Pension Cost | 159,588 |
| Actual Employer Contributions | 157,581 |
| Increase (Decrease) in Net Pension Obligation | 2,007 |
| Net Pension Obligation, Beginning of Year | 50,773 |
| Net Pension Obligation, End of Year | \$ 52,780 |
| Memo: State Contribution Rate - FY2013 | 9.7% |

Three-Year Trend Information (dollars in thousands)

| Fiscal Year Ended | Annual Pension Cost (APC) | % of APC Contributed | Net Pension Obligation |
|-------------------|---------------------------|----------------------|------------------------|
| June 30, 2013 | \$ 159,588 | 98.7% | \$ 52,780 |
| June 30, 2012 | 183,328 | 75.5 | 50,773 |
| June 30, 2011 | 176,882 | 65.1 | 5,773 |

Notes to the Financial Statements, continued
June 30, 2013

(R) New Accounting Pronouncements

GASB Statement No. 60, *Accounting for Service Concession Arrangements*, improves financial reporting related to service concession arrangements which are a type of public-private or public-public partnerships where there is an arrangement between a government and a private sector entity to deliver a governmental asset (normally infrastructure or a public facility) and, often, the related public service (in some cases, the arrangement may be solely for the delivery of the public service related to an existing governmental asset). The provisions of GASB Statement No. 60 are effective for financial statements beginning after December 15, 2011. Management has evaluated GASB Statement No. 60 and determined the statement does not have an impact on INPRS' financial reporting.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, modifies certain requirements for inclusion of component units in the financial reporting entity. The amendments to the criteria for including component units will allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The provisions of GASB Statement No. 61 are effective for financial statements beginning after June 15, 2012. Management has evaluated GASB Statement No. 61 and determined the amendment does not have an impact on INPRS' financial reporting.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standard Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The statement improves financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments into a single source with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statements users. The provisions of GASB Statement No. 62 are effective for financial statements for periods beginning after December 15, 2011. Management has evaluated GASB Statement No. 62 and determined the statement does not have an impact on INPRS' financial reporting.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. This statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The provisions of GASB Statement No. 63 are effective for financial statements for periods beginning after December 15, 2011. Management has evaluated GASB Statement No. 63 and determined the statement does not have an impact on INPRS' financial reporting.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of GASB Statement No. 65 are effective for financial statements for

Notes to the Financial Statements, continued June 30, 2013

periods beginning after December 15, 2012. Management is currently evaluating GASB Statement No. 65 and, if applicable, will implement it in the financial statements for fiscal year 2014.

GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of GASB Statement No. 66 are effective for financial statements for periods beginning after December 15, 2012. Management is currently evaluating GASB Statement No. 66 and, if applicable, will implement it in the financial statements for fiscal year 2014.

GASB Statement No. 67, *Financial Reporting for Pension Plans*, will improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of GASB Statement No. 67 are effective for financial statements for periods beginning after June 15, 2013. Management is currently evaluating GASB Statement No. 67 and will implement it in the financial statements for fiscal year 2014.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* will improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of GASB Statement No. 68 are effective for financial statements for periods beginning after June 15, 2014. Management is currently evaluating GASB Statement No. 68 to assist the employers in implementing in their financial statements for fiscal year 2015.

GASB Statement 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combination and disposals of government operations. The term, government combinations, include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The statement requires disclosures to be made about government combinations and disposals of government operations to enable financial

Notes to the Financial Statements, continued June 30, 2013

statement user to evaluate the nature and financial effects of those transactions. The provisions of Statement No. 69 are effective for financial statements for periods beginning after December 15, 2013. Management is currently evaluating GASB Statement No. 69 and, if applicable, will implement it in the financial statements for fiscal year 2015.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate, but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. The provisions of Statement No. 70 are effective for financial statement periods beginning after June 15, 2013. Management is currently evaluating GASB Statement No. 70 and, if applicable, will implement it in the financial statements for fiscal year 2014.

Note 4. Contributions Required and Contributions Made

Overview

In summary, the employer contribution rates for all of the INPRS defined benefit plans are actuarially determined, except for the TRF Pre-1996 Account. The TRF Pre-1996 Account is funded on a pay-as-you-go basis as described in the Teachers' Retirement Fund portion of this note below. For the other defined benefit retirement plans, the required employer contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation.

The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they come due. Employer contribution rates for fiscal year 2013 were determined by using the fiscal year 2011 actuarial valuation results projecting forward payroll for fiscal year 2013.

The unfunded actuarial accrued liability on any valuation date is the present value of projected future benefits to be paid less the actuarial value of assets (AVA). Actuarial assets are calculated using an asset smoothing method of investment gains and losses on the market value of assets (MVA). The asset smoothing method is used to reduce the year-over-year volatility in the calculation of the funded status and employer contribution rates. INPRS applies a four-year smoothing method, with a 20 percent corridor, where the AVA cannot be more than 120 percent or less than 80 percent of the MVA after the four-year smoothing of gains and losses is applied.

Except for the LEDB Plan, the actuarial cost method used in the valuation is the entry age normal cost method. Under this method, costs are spread evenly over a member's career. For the LEDB Plan, the actuarial cost method used is the Traditional Unit Credit method, since this is a frozen plan to new entrants and benefits are no longer increasing.

Annual actuarial costs consist of two (2) components, the normal cost and an amortized amount of the plan's unfunded liability.

Notes to the Financial Statements, continued June 30, 2013

Normal cost represents the estimated amount of benefits earned during the current year and the unfunded liability amount is amortized over a 30-year closed period. These two (2) components make up the development of the employer contribution rates.

(A) Public Employees' Retirement Fund

The state of Indiana is obligated by statute to make contributions to the PERF Hybrid Plan or the PERF ASA Only Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. During fiscal year 2013, all participating employers were required to contribute 9.7 percent of covered payroll for State members. For political subdivisions, an average contribution rate of 8.8 percent was required from employers during the period of July 1 – December 31, 2012, and an average contribution rate of 9.7 percent was required for the period of January 1 – June 30, 2013. For the ASA Only Plan all participating employers were also required to contribute 9.7 percent of covered payroll. In accordance to IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less than 3 percent and not be greater than the normal cost of the fund which was 4.7 percent for fiscal year 2013 and any amount not credited to the member's account shall be applied to the Unfunded Actuarial Accrued Liability of the PERF Hybrid Plan.

The PERF Hybrid Plan or the PERF ASA Only Plan members contribute three (3) percent to their Annuity Savings Account, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. For the PERF Hybrid Plan, the employer may elect to make the contributions on behalf of the member. The employer shall pay the member's contributions on behalf of the member for the PERF ASA Only Plan. In addition, members of the PERF Hybrid Plan may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts. Upon retirement, members may choose to annuitize the amount of their annuity saving accounts if the member has met all of the criteria established by the INPRS Board of Trustees.

(B) Teachers' Retirement Fund

The TRF Pre-1996 Account is funded on a pay-as-you-go basis for employees hired prior to July 1, 1995, and who have maintained continuous employment with the same school corporation or covered institution since that date. State appropriations are made in accordance with IC 5-10.4-2-4 for each fiscal year. Currently, a three (3) percent year-over-year increase is being provided through state appropriations. If the actual pension benefit payout for the fiscal year exceeds the amount appropriated, the difference is paid from the Pension Stabilization Fund, which was established according to IC 5-10.4-2-5. In fiscal year 2013, the State appropriated an additional \$207 million from State excess reserves in accordance with 2012 HB 1376 and also pre-funded a one-time check (a.k.a. 13th check) of \$20 million in accordance with 2012 HB 1123 (which went into the Pension Stabilization Fund).

The employer contribution rate for the TRF 1996 Account (i.e., members hired on or after July 1, 1995, or hired before July 1, 1995 and prior to June 30, 2005, were either hired by another school corporation or institution covered by the Fund, or were re-hired by a covered prior employer) is actuarially determined. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic

Notes to the Financial Statements, continued *June 30, 2013*

employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As the TRF 1996 Account is a cost-sharing system, all risks and costs, including benefit costs, are shared proportionally by the participating employers. During fiscal year 2013, all participating employers in the TRF 1996 Account were required to contribute 7.5 percent of covered payroll.

TRF members contribute three (3) percent to their Annuity Savings Account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts. Upon retirement, members may choose to annuitize the amount in their annuity savings accounts to be combined with their monthly pension amount.

(C) 1977 Police Officers' and Firefighters' Pension and Disability Fund

The funding policy for the 1977 Fund requires remittances of member and employer contributions based on percentages of the salary of a first class officer or firefighter rather than actual payroll. The employer contribution rate is actuarially determined. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 36-8-8-6. As the 1977 Fund is a cost-sharing system, all risks and costs, including benefit costs, are shared proportionally by the participating employers. During fiscal year 2013, all participating employers were required to contribute 19.7 percent of the salary of a first class officer or firefighter.

The member contribution rate is not actuarially determined but was established by statute IC 36-8-8-8 at six (6) percent of the salary of a first class officer or firefighter. Each fund member shall contribute during the period of the fund member's employment or for 32 years, whichever is shorter. The employer may pay all or a part of the contribution for the member. Member contributions are used to fund a portion of the defined benefit payment unless the member ends employment other than by death or disability before the fund member completes 20 years of active service. The INPRS Board of Trustees shall return to the fund member in a lump sum the fund member's contributions plus interest as determined by the INPRS Board of Trustees in accordance with IC 36-8-8-8.

(D) Judges' Retirement System

The funding policy for the Judges' Retirement System is in accordance with statute IC 33-38-6-17 that requires an appropriation, determined by the INPRS Board of Trustees from the state of Indiana General Fund, for each biennium to the Judges' Retirement System computed on an actuarially funded basis and the recommendation of the actuary. The State appropriated additional monies during fiscal year 2013 for the Judges' Retirement System of \$90 million from state excess reserves in accordance with 2012 HB 1376.

The member contribution rate is not actuarially determined but was established by statute IC 33-38-7-10 (1977 System) and IC 33-38-8-11 (1985 System) at six (6) percent of salary. Each fund member shall contribute during the period of the fund member's employment, or for 22 years, whichever is shorter. The employer may pay all or a part of the contributions for the member. Member contributions are used to fund a portion of the defined benefit payment unless the member ends employment other than by death or disability before being eligible for a retirement benefit. The INPRS Board of Trustees shall return to the fund member an amount

Notes to the Financial Statements, continued June 30, 2013

equal to the total sum contributed to the fund plus interest at a rate specified by the INPRS Board of Trustees in accordance with IC 33-38-7-13 (1977 System) and IC 33-38-8-12 (1985 System).

(E) State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan

The funding policy for the EG&C Plan is in accordance with statute IC 5-10-5.5-8.5. The employer contribution rate is actuarially determined. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation. During fiscal year 2013, all participating employers were required to contribute 20.75 percent of covered payroll. The State appropriated additional monies during fiscal year 2013 for the EG&C Plan of \$15 million from state excess reserves in accordance with 2012 HB 1376.

The member contribution rate is not actuarially determined but was established by statute IC 5-10-5.5-8 at four (4) percent of a participant's salary to be contributed to the participant's savings account. The employer may pay all or a part of the contribution for the participant. Member contributions are used to fund a portion of the defined benefit payment. Any participant who terminates employment before accumulating 15 years of creditable service and before attaining the age of 45 shall be entitled to a lump sum refund of all contributions in the participant's savings account plus accumulated interest as determined by the INPRS Board of Trustees in accordance with IC 5-10-5.5-17.

(F) Prosecuting Attorneys' Retirement Fund

The funding policy for PARF is in accordance with statute IC 33-39-7-23 that requires an appropriation, determined by the INPRS Board of Trustees from the state of Indiana General Fund, for each biennium to PARF computed on an actuarially funded basis and the recommendation of the actuary. The State appropriated additional monies during fiscal year 2013 for PARF of \$17 million from state excess reserves in accordance with 2012 HB 1376.

The member contribution rate is not actuarially determined but was established by statute IC 33-39-7-12 at six (6) percent of salary. The employer may elect to pay the contributions for a member. Member contributions are used to fund a portion of the defined benefit payment unless the member ends employment other than by death or disability before the member completes eight (8) years of creditable service. The INPRS Board of Trustees shall return to the fund member an amount equal to the total sum contributed to the fund plus interest at a rate specified by the INPRS Board of Trustees in accordance with IC 33-39-7-13.

(G) Legislators' Retirement System

For the LEDB Plan, the funding policy is in accordance with statute IC 2-3.5-4-9 and IC 2-3.5-4-10. The amount required to actuarially fund participants' retirement benefits, as determined by the INPRS Board of Trustees on the recommendation of the actuary, is to be appropriated from the state of Indiana General Fund for each biennium.

For the LEDC Plan, each participant is required to contribute five (5) percent of annual salary in accordance with statute IC 2-3.5-5-4. In addition, the state of Indiana is required by statute IC 2-3.5-5-5.5 to contribute a percentage of the member's annual salary on behalf of the participant as determined by INPRS Board of Trustees and confirmed by the State Budget Agency each year. Effective January 1, 2013, the rate was established at 12.7 percent.

Note 5. Deposits and Investments

(A) Investment Guidelines and Limitations

The Indiana General Assembly enacted the prudent investor standard to apply to the INPRS Board of Trustees and govern all its investments. Under statute (IC 5-10.3-5-3(a)) for PERF and (IC 5-10.4-3-10(a)) for TRF, the Board of Trustees must “invest its assets with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.” The Board of Trustees also is required to diversify such investments in accordance with the prudent investor standard.

Within these governing statutes, the INPRS Board of Trustees has broad authority to invest the assets of the plans. The INPRS Board of Trustees utilizes external investment managers, each with specific mandates to collectively achieve the investment objectives of the retirement funds. Depending on the mandate and the contractual agreement with the investment manager, investments may be managed in separate accounts, commingled accounts, mutual funds or other structures acceptable to the INPRS Board of Trustees. An asset allocation review is conducted periodically.

In October 2011, the INPRS Board of Trustees adopted a new Investment Policy Statement effective January 1, 2012, and the new strategic asset allocation for the Consolidated Defined Benefit Assets is as follows:

| Global Asset Classes | Target Allocation | Target Range |
|------------------------------------|-------------------|----------------|
| Public Equity | 22.5% | 20.0% to 25.0% |
| Private Equity | 10.0% | 7.0% to 13.0% |
| Fixed Income - Ex Inflation-Linked | 22.0% | 19.0% to 25.0% |
| Fixed Income - Inflation-Linked | 10.0% | 7.0% to 13.0% |
| Commodities | 8.0% | 6.0% to 10.0% |
| Real Estate | 7.5% | 4.0% to 11.0% |
| Absolute Return | 10.0% | 6.0% to 14.0% |
| Risk Parity | 10.0% | 5.0% to 15.0% |

Contributions and asset reallocation in the PERF and TRF Annuity Savings Accounts and the Legislators’ Defined Contribution Plan (LEDC) are directed by the members in each plan and as such, the asset allocation will differ from that of the Consolidated Defined Benefit Assets.

The Pension Relief Fund (PR Fund) is invested 100 percent in a money market fund.

Notes to the Financial Statements, continued June 30, 2013

The State Employees' Death Benefit Fund and the Public Safety Officers' Special Death Benefit Fund are 100 percent invested in short-term and fixed income investments.

(B) Custodial Credit Risk

Deposits, investment securities, and collateral securities are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk is the risk that, in the event of a failure of the counterparty, that INPRS will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of INPRS and are held by either the counterparty or the counterparty trust department's agent, but not in INPRS' name.

Per IC 5-10.3-5-4(a) and IC 5-10.3-5-5 for PERF and IC 5-10.4-3-14(a) and IC 5-10.4-3-13 for TRF, securities are required to be held for the fund under custodial agreements. INPRS' custody agreement with the custodian requires that the custodian segregate the securities on the custodian's books and records from the custodian's own property. In addition, any investment manager for INPRS is not allowed, under any circumstances, to take possession, custody, title, or ownership of any managed assets.

There was no event relative to custodial credit risk for investments, including investments related to securities lending collateral, as of June 30, 2013.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution. Deposits held in the demand deposit accounts are carried at cost and are insured up to \$250 thousand for each institution. Deposits in the demand accounts held in excess of \$250 thousand are not collateralized. Deposits with the Indiana Treasurer of State are entirely insured. Deposits held with counterparties are carried at cost and are not insured or collateralized.

(dollars in thousands)

| Cash Deposits | Total |
|--|-------------------|
| Demand Deposit Account – Bank Balances | \$ 10,001 |
| Held with Indiana Treasurer of State | 1,234 |
| Held with Counterparties | 227,713 |
| Total | \$ 238,948 |

(C) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. Duration is a measure of interest rate risk. The longer the maturity, the more the value of the fixed-income investment will fluctuate with interest rate changes. The INPRS Investment Policy Statement recognizes interest rate risk as a market risk factor that is monitored on an absolute and relative basis.

Notes to the Financial Statements, continued June 30, 2013

As of June 30, 2013, debt securities had the following duration information:

(dollars in thousands)

| Debt Security Type | Fair Value 6/30/2013 | % of All Debt Securities | Portfolio Weighted Average Effective Duration (Years) |
|---------------------------------|-------------------------|--------------------------------|---|
| Short Term Investments | | | |
| Cash at Brokers | \$ 227,648 | 1.7% | - |
| Money Market Sweep Vehicle | 983,930 | 7.5 | 0.01 |
| Commercial Paper | 9,692 | 0.1 | 0.16 |
| U.S. Treasury Obligations | 183,284 | 1.4 | 0.22 |
| U.S. Agencies | 43,070 | 0.3 | 0.14 |
| Non-U.S. Government | 19,612 | 0.2 | 0.13 |
| Total Short Term Investments | 1,467,236 | 11.2 | |
| Fixed Income Investments | | | |
| U.S. Governments | 3,720,035 | 28.4 | 8.94 |
| Non-U.S. Government | 1,361,258 | 10.4 | 7.51 |
| U.S. Agencies | 1,029,359 | 7.9 | 3.68 |
| Corporate Bonds | 3,496,484 | 26.7 | 4.68 |
| Asset-Backed Securities | 834,536 | 6.4 | 1.16 |
| Commingled Fixed Income Funds | 8,493 | 0.1 | 3.79 |
| Duration Not Available | 1,186,224 | 8.9 | N/A |
| Total Fixed Income Investments | 11,636,389 | 88.8 | |
| Total Debt Securities | \$ 13,103,625 | 100.0% | |

The \$1,186 million, for which no duration was available, is primarily made up of commingled debt funds.

(D) Credit Risk

The credit risk of investments is the risk that the issuer will default and not meet their obligations. The INPRS Investment Policy Statement recognizes credit (quality) risk as a market and strategic risk factor that is monitored on an absolute and relative basis.

The quality rating of investments in debt securities as described by Moody's at June 30, 2013 is as follows:

(dollars in thousands)

| Moody's Rating | Short Term Investments | Debt Securities | Total | % of All Debt Securities |
|----------------------------|---------------------------|----------------------|----------------------|-----------------------------|
| Aaa | \$ 226,354 | \$ 832,268 | \$ 1,058,622 | 8.1% |
| U.S. Government Guaranteed | - | 4,756,243 | 4,756,243 | 36.3 |
| Aa | 4,921 | 948,757 | 953,678 | 7.3 |
| A | - | 1,117,185 | 1,117,185 | 8.5 |
| Baa | 396 | 1,897,826 | 1,898,222 | 14.5 |
| Ba | - | 309,353 | 309,353 | 2.3 |
| B | - | 209,712 | 209,712 | 1.6 |
| Below B | - | 77,789 | 77,789 | 0.6 |
| Unrated | 1,235,565 | 1,487,256 | 2,722,821 | 20.8 |
| Total | \$ 1,467,236 | \$ 11,636,389 | \$ 13,103,625 | 100.0% |

Notes to the Financial Statements, continued June 30, 2013

The \$2,723 million not rated by Moody's is primarily in the following security types: cash at broker, money market sweep vehicles, asset-backed securities, commercial mortgages, CMO/Remics and commingled debt funds.

Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. The INPRS Investment Policy Statement recognizes issuer risk as a strategic risk factor that is monitored on an absolute and relative basis.

INPRS Investment Policy Statement has placed an upper limit on the concentration of assets placed with an investment manager.

- No investment manager shall manage more than 10 percent of the system's assets in actively managed portfolios at the time of funding. Through capital appreciation and additional purchases, no investment manager shall be allowed to manage in excess of 15 percent of the system's assets in actively managed portfolios without Board approval.
- No investment manager shall manage more than 15 percent of the system's assets in passively managed portfolios at the time of funding. Through capital appreciation and additional purchases, no investment manager shall be allowed to manage in excess of 20 percent of the system's assets in passively managed portfolios without Board approval.
- No investment manager shall manage more than 25 percent of the system's assets in a combination of actively and passively managed portfolios.

At June 30, 2013, single issuer exposure in the portfolio did not exceed 5 percent of the total net investments.

(E) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. INPRS' foreign currency exposure is focused primarily in international equity holdings.

The INPRS Investment Policy Statement recognizes foreign exchange risk and the impact on incremental risk and return is assessed based on overall portfolio exposure.

Unless otherwise approved by the Board, management of foreign currency exposure may be only implemented (1) by an Investment Manager on its Portfolio when the Investment Manager possesses recognized foreign exchange experience or (2) by an overlay manager or other third-party expert for a specific Portfolio or Retirement Fund. Any hedging strategy recommendation will be presented to the Board for approval and incorporated into the benchmark. The management and implementation of Board approved hedging activities will be implemented by the CIO, with the advice of the Executive Director and Consultants who are approved by the Board.

Notes to the Financial Statements, continued June 30, 2013

INPRS has exposure to foreign currency fluctuation as follows:

| (dollars in thousands) | | Foreign Currency Held at June 30, 2013 | | | | | % of Total |
|---------------------------------|------------------------|--|---------------------|---------------------|---------------------|-------------|------------|
| Currency: | Short Term Investments | Debt Securities | Equity Securities | Other Investments | Grand Total | | |
| Australian Dollar | \$ 347 | \$ 17,777 | \$ 81,705 | \$ (36,511) | \$ 63,318 | 0.2% | |
| Brazilian Real | 203 | 26,045 | 13,940 | 22,835 | 63,023 | 0.2 | |
| Canadian Dollar | 996 | 90,257 | 82,379 | (88,895) | 84,737 | 0.3 | |
| Chilean Peso | - | 4,473 | - | (5,343) | (870) | - | |
| Chinese R Yuan HK | - | - | - | (4,134) | (4,134) | - | |
| Chinese Yuan Renminbi | - | - | 20 | 193 | 213 | - | |
| Colombian Peso | - | 12,801 | 590 | (1,358) | 12,033 | - | |
| Czech Koruna | 76 | - | 3,895 | (6,415) | (2,444) | - | |
| Danish Krone | 82 | - | 16,677 | - | 16,759 | 0.1 | |
| Egyptian Pound | - | - | 478 | - | 478 | - | |
| Euro Currency Unit | 4,725 | 557,619 | 519,941 | (337,438) | 744,847 | 2.7 | |
| Hong Kong Dollar | 493 | - | 137,850 | - | 138,343 | 0.5 | |
| Hungarian Forint | 24 | 6,023 | 710 | 2,912 | 9,669 | - | |
| Indian Rupee | 29 | - | 24,856 | 12 | 24,897 | 0.1 | |
| Indonesian Rupiah | 66 | 14,082 | 3,101 | 3,855 | 21,104 | 0.1 | |
| Israeli Shekel | 12 | - | 2,130 | - | 2,142 | - | |
| Japanese Yen | 15,341 | 48,872 | 404,659 | (72,072) | 396,800 | 1.4 | |
| Malaysian Ringgit | 42 | 20,011 | 5,149 | 18,475 | 43,677 | 0.2 | |
| Mexican Peso | 5,882 | 38,034 | 4,361 | (7,328) | 40,949 | 0.1 | |
| New Taiwan Dollar | 440 | 7 | 29,416 | (259) | 29,604 | 0.1 | |
| New Turkish Lira | 26 | 23,331 | 25,115 | (3,248) | 45,224 | 0.2 | |
| New Zealand Dollar | 27 | 7,846 | 1,911 | 491 | 10,275 | - | |
| Nigerian Naira | 1,453 | 2,156 | - | - | 3,609 | - | |
| Norwegian Krone | 161 | 40 | 31,011 | 34,588 | 65,800 | 0.2 | |
| Peruvian Nuevo Sol | - | 2,179 | - | 278 | 2,457 | - | |
| Philippines Peso | 18 | 8,971 | 2,051 | 1,724 | 12,764 | - | |
| Polish Zloty | 353 | 13,341 | 1,658 | 1,705 | 17,057 | 0.1 | |
| Pound Sterling | 6,552 | 272,418 | 319,815 | (277,127) | 321,658 | 1.2 | |
| Romania Leu | 1 | 1,602 | - | - | 1,603 | - | |
| Russian Rubel | - | 15,948 | - | 5,569 | 21,517 | 0.1 | |
| S Africa Comm Rnd | 210 | 14,487 | 19,842 | 6,810 | 41,349 | 0.1 | |
| Singapore Dollar | 40 | - | 33,128 | (1,217) | 31,951 | 0.1 | |
| South Korean Won | 58 | 177 | 61,732 | 1,784 | 63,751 | 0.2 | |
| Swedish Krona | 1,447 | 61,675 | 67,469 | (62,251) | 68,340 | 0.2 | |
| Swiss Franc | 2,189 | (27) | 132,424 | (8,153) | 126,433 | 0.5 | |
| Thai Baht | 95 | 12,781 | 15,649 | 855 | 29,380 | 0.1 | |
| Uruguayan Peso | - | 1,066 | - | - | 1,066 | - | |
| Held in Foreign Currency | \$ 41,388 | \$ 1,273,992 | \$ 2,043,662 | \$ (809,663) | \$ 2,549,379 | 9.0% | |

The foreign currency figures are comprised of all of the assets within the investment portfolio. The short term investment, debt securities and equity securities include accruals. Other investments include foreign holdings of other investments, derivatives and receivables/payables.

Notes to the Financial Statements, continued June 30, 2013

(F) Securities Lending

Indiana Code 5-10.2-2-13(d) provides that the INPRS Board of Trustees may authorize a custodian bank to enter into a securities lending program agreement under which certain securities held by the custodian on behalf of INPRS may be loaned. The statute requires that collateral initially in excess of the total market value of the loaned securities must be pledged by the borrower and must be maintained at no less than the total market value of the loaned securities.

The purpose of such a program is to provide additional revenue for the Consolidated Defined Benefits Assets. The INPRS Investment Policy Statement requires that collateral securities and cash be initially pledged at 102 percent of the market value of the securities lent for domestic securities and 105 percent for international securities. No more than 40 percent of the Consolidated Defined Benefit Assets may be lent at one time. The custodian bank and/or its securities lending sub-agents provide 100 percent indemnification of the Consolidated Defined Benefit Assets against borrower default, overnight market risk and failure to return loaned securities. Securities received as collateral cannot be pledged or sold unless the borrower defaults. INPRS retains the market value risk with respect to the investment of the cash collateral.

Cash collateral investments are subject to the investment guidelines specified by the INPRS Investment Policy Statement. It states that the maximum weighted average days to maturity may not exceed 60. The securities lending agent matches the maturities of the cash collateral investments with stated securities loans' termination dates. Cash collateral received for open-ended loans that can be terminated on demand are invested with varying maturities.

(dollars in thousands)

| Securities Lending as of June 30, 2013 | |
|--|--------------|
| Market value of securities on loan | \$ 1,849,234 |
| Fair value of cash and non-cash collateral by investment type: | |
| U.S. Governments | \$ 1,076,460 |
| Corporate Bonds | 143,000 |
| International Bonds | 40,743 |
| Domestic Equities | 470,901 |
| International Equities | 168,746 |
| Fair value of cash and non-cash collateral | 1,899,850 |
| Fair value of non-cash collateral that is not included in the Statements of Fiduciary Plan Net Position | 819,303 |
| Fair value of cash collateral (liability to borrowers) | 1,080,547 |
| Fair value of reinvested cash collateral by type: | |
| Commercial Paper | 98,527 |
| Repurchase Agreements | 547,038 |
| U.S. Agencies | 79,022 |
| Floating Rate Notes | 298,724 |
| Certificate of Deposits | 57,236 |
| Fair value of reinvested cash collateral | 1,080,547 |
| Net unrealized gain | \$ - |

Notes to the Financial Statements, continued June 30, 2013

The quality rating of the reinvested cash collateral investments as described by Standard and Poor's at June 30, 2013 is as follows:

(dollars in thousands)

| Standard and Poor's Rating | Fair Value of Reinvested Cash Collateral | Percent of Portfolio |
|----------------------------|--|----------------------|
| A-1 and A-1+ | \$ 234,756 | 21.7% |
| AAA | 5,407 | 0.5 |
| AA+ | 16,029 | 1.5 |
| AA- | 228,467 | 21.1 |
| A+ | 48,821 | 4.5 |
| Unrated | 547,087 | 50.7 |
| Total | \$ 1,080,567 | 100.0% |

The majority of the unrated reinvested cash collateral investments consist of repurchase agreements.

(G) Repurchase Agreements

A repurchase agreement is an agreement in which INPRS transfers cash to a broker-dealer or financial institution. The broker-dealer or financial institution transfer securities to INPRS and promises to repay the cash plus interest in exchange for the same securities. Repurchase agreements are assets with the security collateral held at INPRS' custodian bank.

A reverse repurchase agreement is the same as a repurchase agreement, but from the perspective of the buyer rather than the seller. Repurchase agreements are secured loans with INPRS' collateral held at the broker dealer or financial institution's custodian bank.

The amounts held at June 30, 2013, exclusive of securities lending reinvested cash collateral, are as follows:

(dollars in thousands)

| Repurchase Agreements by Collateral Type | Cash Collateral Received | Market Value |
|--|--------------------------|------------------|
| U.S. Agencies | \$ 16,600 | \$ 16,957 |
| U.S. Treasury | 12,200 | 12,454 |
| Total | \$ 28,800 | \$ 29,411 |

| Reverse Repurchase Agreements by Collateral Type | Cash Collateral Posted | Market Value |
|--|------------------------|-------------------|
| U.S. Treasury | \$ 11,112 | \$ 11,060 |
| U.S. Inflation Linked Bonds | 161,494 | 163,745 |
| Total | \$ 172,606 | \$ 174,805 |

Note 6. Derivative Financial Instruments**(A) Overview of Derivatives**

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indices. The fair value of all derivative financial instruments is reported in the Statement of Fiduciary Net Position as either assets or liabilities, and the change in the fair value is recorded in the Statement of Changes in Fiduciary Net Position as investment income. A derivative instrument could be a contract negotiated on behalf of the Master Trust and a specific counterparty. This would typically be referred to as an “OTC contract” (Over the Counter) such as swaps and forward contracts. Alternatively, a derivative instrument, such as futures, could be listed and traded on an exchange and referred to as “exchange traded”. Due to the level of risk associated with certain derivative investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term, and such changes could affect the amounts reported in the financial statements. Investments in limited partnerships may include derivatives that are not shown in the derivative total.

Futures

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date. INPRS’ investment managers use financial futures to replicate an underlying security or index they intend to hold or sell in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security. Additionally, INPRS’ investment managers use futures contracts to adjust the portfolio risk exposure. Futures contracts may be used for the purpose of investing cash flows or modifying duration, but in no event may leverage be created by any individual security or combination of securities. No short sales of equity securities or equity index derivatives are permitted.

As the market value of the futures contract varies from the original contract price, a gain or loss is recognized and paid to, or received from, the clearinghouse. The cash or securities to fulfill these obligations are held in the investment portfolio.

Options

Options are agreements that give the owner of the option the right, but not obligation, to buy (in the case of a call) or to sell (in the case of a put) a specific amount of an asset for a specific price on or before a specified expiration date.

The purchaser of put options pays a premium at the outset of the agreement and stands to gain from an unfavorable change (i.e., a decrease) in the price of the instrument underlying the option. The writer of a call option receives a premium at the outset of the agreement and bears the risk of an unfavorable change (i.e., an increase) in the price of the instrument underlying the option. An interest rate swaption is the option to enter into an interest rate swap based off a set of predetermined conditions.

Options are generally used to manage interest rate risk, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation. The fair value of exchange traded options is determined based upon quoted market prices.

Notes to the Financial Statements, continued *June 30, 2013*

The fair value of over the counter options is determined by external pricing services, using various proprietary methods, based upon the type of option.

Swaps

Interest rate swaps are derivative instruments in which one party exchanges a stream of fixed interest rate cash flows for floating interest rate cash flows. A notional amount of principal is required to compute the actual cash amounts and is determined at the inception of the contract.

Interest rate swaps are generally used to manage interest rate risk, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation. The fair value is determined by external pricing services using various proprietary methods.

An inflation swap is a derivative used to transfer inflation risk from one party to another through an exchange of cash flows. In an inflation swap, one party pays a fixed rate on a notional principal amount, while the other party pays a floating rate linked to an inflation index, such as the Consumer Price Index (CPI) or an inflation bond.

Credit default swap agreements involve one party (referred to as the buyer of protection) making a stream of payments to another party (the seller of protection) in exchange for the right to receive a specified return in the event of a default or other predetermined credit event for the referenced entity, obligation or index.

Credit default swaps are used to achieve the desired credit exposure of a security or basket of securities. One of the main advantages of a credit default swap is it allows for exposure to credit risk while limiting exposure to other risks, such as interest rate and currency risk. The fair value is determined by external pricing services using various proprietary methods.

Forwards

A forward currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. A contract is classified as a forward contract when the settlement date is more than two days after the trade date. Risks associated with such contracts include movement in the value of a foreign currency relative to the U.S. dollar. The contracts are valued at forward exchange rates and include net appreciation / depreciation in the Statement of Fiduciary Net Position. Realized gains or losses on forward currency contracts is the difference between the original contract and the closing value of such contract and is included in the Statement of Changes in Fiduciary Net Position.

The Fund enters into foreign currency forwards to manage exposure to fluctuations in foreign currency exchange rates on portfolio holdings and to settle future obligations.

Notes to the Financial Statements, continued June 30, 2013

(B) Derivative Contracts

The table below summarizes INPRS' derivative contracts for the year ending June 30, 2013:

(dollars in thousands)

| Investment Derivatives | Change in Fair Value | Fair Value | Notional (USD) |
|----------------------------------|----------------------|--------------------|---------------------|
| Listed Futures: | | | |
| Equity Index | \$ (11,062) | \$ (11,062) | \$ 499,854 |
| Commodity | (46,030) | (46,030) | 1,030,053 |
| Bond | (6,743) | (6,672) | 106,577 |
| Currency | 41 | 155 | 52,511 |
| Interest Rate | (377) | (377) | 291,364 |
| Total Listed Futures | (64,171) | (63,986) | 1,980,359 |
| Options: | | | |
| Listed | | | |
| Currency | 286 | 29 | 36,565 |
| Subtotal Listed | 286 | 29 | 36,565 |
| OTC | | | |
| Swaptions | 6,735 | 30,650 | 1,029,320 |
| Subtotal OTC | 6,735 | 30,650 | 1,029,320 |
| Total Options | 7,021 | 30,679 | 1,065,885 |
| Swaps: | | | |
| OTC | | | |
| Interest Rate Swaps | (6,015) | (7,013) | 1,815,195 |
| Inflation Swaps | 12 | 126 | 38,885 |
| Equity Index | 2 | - | 200 |
| Credit Default Swaps Single Name | 759 | 913 | 153,706 |
| Credit Default Swaps Index | 1,112 | 990 | 367,464 |
| Total Swaps | (4,130) | (4,984) | 2,375,450 |
| Total Derivatives | \$ (61,280) | \$ (38,291) | \$ 5,421,694 |

(dollars in thousands)

| Swap Type | Swap Maturity Profile at June 30, 2013 | | | | | Total |
|----------------------------------|--|-------------------|-------------------|--------------------|------------------|-------------------|
| | < 1 yr | 1 - 5 yrs | 5-10 yrs | 10 - 20 yrs | 20 + yrs | |
| Interest Rate Swaps | \$ - | \$ (3,224) | \$ (2,273) | \$ (17,284) | \$ 15,768 | \$ (7,013) |
| Inflation Swaps | - | - | - | 126 | - | 126 |
| Equity Index | - | - | - | - | - | - |
| Credit Default Swaps Single Name | 1 | 1,207 | 405 | (147) | (553) | 913 |
| Credit Default Swaps Index | (450) | (354) | - | - | 1,794 | 990 |
| Total Swap Fair Value | \$ (449) | \$ (2,371) | \$ (1,868) | \$ (17,305) | \$ 17,009 | \$ (4,984) |

Notes to the Financial Statements, continued June 30, 2013

(dollars in thousands)

| Credit Default Swaps | | | | |
|--------------------------------|-------------------|------------|---------------|-------------------|
| Investment Type | | Reference | Fair Value | Notional |
| Single Name | Seller Protection | Various | \$ (947) | \$ 61,660 |
| Single Name | Buyer Protection | Various | 1,860 | 92,046 |
| Total CDS - Single Name | | | \$ 913 | \$ 153,706 |
| Index | Bought | CDX IG | \$ (1,497) | \$ 216,700 |
| Index | Sold | CDX IG | 875 | 95,475 |
| Index | Bought | CDX ABX | 2,424 | 8,218 |
| Index | Sold | CDX CMBX | (631) | 15,700 |
| Index | Bought | CDX HY | (571) | 17,391 |
| Index | Sold | CDX HY | 365 | 11,560 |
| Index | Bought | CDX ITRAXX | 25 | 2,420 |
| Total CDS - Index | | | \$ 990 | \$ 367,464 |

(C) Credit Risk

Counterparty credit risk exists on all open OTC positions. Counterparty credit risk is the risk that a derivative counterparty may fail to meet its payment obligation under the derivative contract.

INPRS' investment managers use International Swaps and Derivative Association Master Agreements to further reduce counterparty risk by specifying credit protection mechanisms and providing standardization that improves legal certainty, thereby reducing the probability of unforeseen losses. Furthermore, the master agreements can provide additional credit protection through the requirement of collateral exchange and certain event of default and mutual termination provisions. Securities eligible as collateral are typically United States government bills and U.S. dollar cash.

The maximum amount of loss due to credit risk that the Fund would incur if the counterparty to the derivative instrument failed to perform according to the terms of the contract, without respect to any collateral or other security, or netting arrangements, is the total unrealized gain of derivatives at the end of the reporting period. The aggregate fair value of investment derivative instruments in an unrealized gain position at June 30, 2013, was \$39,209 thousand, of which \$15,136 thousand was uncollateralized.

The table below summarizes INPRS' swap positions as of June 30, 2013:

| Swaps Counterparty | S&P Rating | Fair Value | | | Collateral | |
|---------------------------------|------------|----------------------------|---------------------------|-------------------|-----------------|--------------------|
| | | Receivable Unrealized Gain | Payable (Unrealized Loss) | Total Fair Value | Posted | Received |
| Bank of America | A- | \$ 2,927 | \$ (5,669) | \$ (1,491) | \$ 260 | \$ (1,550) |
| Barclays | A | 1,641 | (3,315) | (2,059) | 861 | (300) |
| BNP Paribas Securities Corp | A+ | 60 | - | 71 | - | - |
| Citibank | A- | 1,459 | (5,168) | (850) | - | (14,158) |
| CME Central | AA- | 673 | (67) | 431 | 8 | - |
| Credit Suisse | A | 9,075 | (7,941) | (2,678) | 3,695 | (430) |
| Deutsche Bank | A+ | 4,978 | (7,457) | (5,057) | - | (8,549) |
| Goldman Sachs | A- | 13,751 | (3,513) | 11,449 | 640 | (13,670) |
| HSBC Securities Inc. | A+ | 10 | (5) | (5) | - | - |
| IntercontinentalExchange Inc. | A | 98 | (75) | (72) | - | - |
| JPMorgan Chase Bank | A | 3,501 | (3,893) | 327 | - | (650) |
| Morgan Stanley Capital Services | A- | 410 | (14) | 384 | - | (2,078) |
| Royal Bank of Canada (RBC) | AA- | 623 | (641) | 6 | - | (650) |
| UBS | A | 3 | (6,533) | (5,440) | - | (370) |
| Grand Total | | \$ 39,209 | \$ (44,291) | \$ (4,984) | \$ 5,464 | \$ (42,405) |

Notes to the Financial Statements, continued June 30, 2013

(D) Interest Rate Risk

The System has exposure to interest rate risk due to investments in interest rate and inflation swaps and TBAs. The required risk disclosures are included in the Interest Rate Risk schedule in Note 5.

The table below summarizes INPRS' Investments that are highly sensitive to interest rate changes:

(dollars in thousands)

| Derivative Instruments Highly Sensitive to Interest Rate Changes | | | |
|---|----|----------------|---------------------|
| Reference Rate | | Fair Value | Notional |
| Interest Rate Swap: | | | |
| Pay Variable 3M CDOR / Receive Fixed Various 1.75% to 3.04% | \$ | (992) | \$ 34,931 |
| Pay Fixed Various 2.99% to 3.23% / Receive Variable 3M CDOR | | 1,131 | 14,740 |
| Pay Fixed Various 1.75% to 2.75% / Receive Variable 3M STIBOR | | 361 | 14,142 |
| Pay Variable 3M STIBOR / Receive Fixed 2.75% | | (226) | 9,552 |
| Pay Fixed Various 1.93% to 3.00% / Receive Variable 6M EURIBOR | | (278) | 29,351 |
| Pay Variable 6M EURIBOR / Receive Fixed Various 0.60% to 3.00% | | 90 | 178,170 |
| Pay Fixed Various 2.50% to 4.00% / Receive Variable 6M NIBOR | | 28 | 14,472 |
| Pay Variable 6M NIBOR / Receive Fixed 4.00% | | 12 | 6,015 |
| Pay Fixed 3.50% / Receive Variable 6M BBSW | | 178 | 14,655 |
| Pay Variable 6M BBSW / Receive Fixed 3.50% | | (58) | 4,760 |
| Pay Fixed Various 3.50% to 4.00% / Receive Variable 3M NZD | | 323 | 8,518 |
| Pay Variable BBSW / Receive Fixed Various 3.50% to 4.00% | | (5,418) | 159,546 |
| Pay Variable 1D BRL CDI / Receive Fixed Various 8.86% to 10.67% | | (674) | 24,621 |
| Pay Fixed Various 3.00% to 3.19% / Receive Variable 3M KRW | | 177 | 8,047 |
| Pay Fixed Various 5.33% to 5.36% / Receive Variable CLP | | 10 | 449 |
| Pay Variable Brazil CETIP / Receive Fixed Various 8.16% to 10.36% | | (217) | 8,918 |
| Pay Fixed 3.50% / Receive Variable 3M NFIX3FRA | | 58 | 2,178 |
| Pay Variable CPTW90DY / Receive Fixed 1.49% | | 7 | 1,190 |
| Pay Variable 6M GBP-LIBOR / Receive Fixed Various 1.00% to 3.00% | | (6,738) | 250,780 |
| Pay Fixed Various 1.00% to 3.00% / Receive Variable 6M GBP-LIBOR | | 15,920 | 221,579 |
| Pay Variable 1M MXN-TIIE BANXICO / Receive Fixed Various 5.63% to 7.81% | | (369) | 11,424 |
| Pay Variable 3M ZAR-JIBAR_SAFEX / Receive Fixed Various 6.52% to 7.17% | | (535) | 7,384 |
| Pay Variable 3M USD-LIBOR / Receive Fixed Various 1.00% to 3.17% | | (14,685) | 271,152 |
| Pay Fixed Various 0.50% to 3.00% / Receive Variable 3M USD-LIBOR | | 9,746 | 407,351 |
| Pay Variable BZDIOVRA / Receive Fixed Various 8.88% to 8.94% | | (4,864) | 111,270 |
| | \$ | (7,013) | \$ 1,815,195 |
| Inflation Swap: | | | |
| Receive 2.15% / Pay France CPI Ex Tobacco | \$ | 126 | \$ 3,700 |
| Put 2.00% Inflation Rate Cap / UL US CPI Urban Consumers | | - | 35,185 |
| | \$ | 126 | \$ 38,885 |

(E) Foreign Currency Risk

The Fund is exposed to foreign currency risk on its foreign currency forward contracts and futures contracts. The required risk disclosures are included in the Foreign Currency Risk schedule in Note 5.

Notes to the Financial Statements, continued June 30, 2013

At June 30, 2013, INPRS' investments included the following currency forwards balances:

| | | |
|--------------------------------------|----|-------------|
| (dollars in thousands) | | |
| Foreign Currency Contract Receivable | \$ | 2,017,071 |
| Foreign Currency Contract Payable | | (2,004,661) |

The aggregate realized gain/loss recognized for the period ended June 30, 2013 due to foreign currency transactions was a \$17,491 thousand realized loss.

Note 7. Long Term Commitments for Alternative Investments

NPRS enters into long term commitments for funding other investments in private equity and private real estate. These amounts include Euro currency denominated, Norwegian Krone denominated and British Pound Sterling denominated commitments to limited liability partnerships. The remaining amount of unfunded commitments, converted to U.S. dollars using the closing exchange rate, as of June 30, 2013, is as follows:

| (dollars in thousands) | | |
|------------------------|----------------------------|------------------|
| Currency | Total Unfunded Commitments | |
| Euro Currency Unit | \$ | 74,248 |
| Norwegian Krone | | 11,675 |
| British Pound Sterling | | 1,504 |
| U.S. Dollar | | 1,873,353 |
| Total | \$ | 1,960,780 |

Note 8. Risk Management

INPRS is exposed to various risks of loss. This includes damage to property owned by INPRS, personal injury or property damage liabilities incurred by an INPRS officer, agent or employee, errors, omissions and theft by employees, certain employee death benefits, and unemployment and worker's compensation costs for INPRS employees.

INPRS records an expenditure for any loss as the liability is incurred or replacement items are purchased. Additionally, INPRS purchases commercial insurance related to property, general liability and employee crime. INPRS administers the state of Indiana's risk financing activity for the state employees' death benefits.

Note 9. Contingent Liabilities

INPRS participates in lawsuits that, in management's opinion, will not have a material effect on the financial statements.

Note 10. Funded Status and Actuarial Information - Defined Benefit Plans

The funded status of each Defined Benefit retirement plan as of June 30, 2013, the most recent actuarial valuation date, is as follows:

(dollars in thousands)

| Retirement Plans | Actuarial Value of Plan Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) or (Funding Surplus) (b) - (a) | Funded Ratio (a) / (b) | Annual Covered Payroll (c) | UAAL or (Funding Surplus) as a Percent of Covered Payroll [(b) - (a)] / (c) |
|---|------------------------------------|---------------------------------------|--|------------------------|----------------------------|---|
| PERF | \$ 12,947,283 | \$ 16,145,681 | \$ 3,198,398 | 80.2% | \$ 4,766,910 | 67.1% |
| TRF 1996 Account | 4,453,828 | 4,749,368 | 295,540 | 93.8 | 2,740,940 | 10.8 |
| 1977 Fund | 4,180,704 | 4,392,947 | 212,243 | 95.2 | 706,603 | 30.0 |
| JRS ¹ | 381,240 | 453,110 | 71,870 | 84.1 | 46,967 | 153.0 |
| EG&C Plan ¹ | 98,608 | 118,097 | 19,489 | 83.5 | 26,201 | 74.4 |
| PARF ¹ | 48,762 | 61,940 | 13,178 | 78.7 | 21,217 | 62.1 |
| LEDB Plan | 3,428 | 4,295 | 867 | 79.8 | N/A ² | N/A ² |
| Total INPRS (Excluding TRF Pre-1996 Account) | \$ 22,113,853 | \$ 25,925,438 | \$ 3,811,585 | 85.3% | \$ 8,308,838 | 45.9% |
| TRF Pre-1996 Account | 5,235,104 | 16,462,379 | 11,227,275 | 31.8 | 1,383,428 | 811.6 |
| Total INPRS (Including TRF Pre-1996 Account) | \$ 27,348,957 | \$ 42,387,817 | \$ 15,038,860 | 64.5% | \$ 9,692,266 | 155.2% |
| Memo: | | | | | | |
| TRF - Total | \$ 9,688,932 | \$ 21,211,747 | \$ 11,522,815 | 45.7% | \$ 4,124,368 | 279.4% |

¹In accordance with Legislation passed during March 2012, the State appropriated additional monies during FY2013 to reach a funded status of 80.0 percent based on the actuarial valuations as of June 30, 2012, for the following three (3) retirement plans:

Judges' Retirement System
State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan
Prosecuting Attorneys' Retirement Fund

²Benefit formula is primarily based on services, rather than compensation.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

The required Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Notes to the Financial Statements, continued June 30, 2013

The accompanying Schedule of Contributions from Employers and Other Contributing Entities presents trend information about the amounts contributed to the plan by employers in comparison to the Annual Required Contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statements 25, 27 and 50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed 30 years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

In addition, the actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Key methods and assumptions used in the latest actuarial valuations are presented below:

| Description | PERF | TRF | 1977 Fund | JRS | EG&C Plan | PARF | LEDB Plan |
|---------------------------|--|--------------|-----------|------|-----------|------|-------------------------|
| Valuation Date | June 30, 2013 | | | | | | |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) | | | | | | Traditional Unit Credit |
| Amortization Method | Level Dollar | | | | | | |
| Amortization Period | 30 Years, Closed | | | | | | |
| Asset Valuation Method | 4-Year Smoothed Market Value With 20% Corridor | | | | | | |
| Actuarial Assumptions: | | | | | | | |
| Investment Rate of Return | 6.75% | | | | | | |
| Cost of Living Increases | 1.0% | 1.0% | 2.25% | 4.0% | 1.0% | N/A | 1.0% |
| Future Salary Increases | 3.25% - 4.5% | 3.0% - 12.5% | 3.25% | 4.0% | 3.25% | 4.0% | 3.0% |
| Inflation | 3.0% | | | | | | |

Note 11. Subsequent Events

(A) Board Resolution

Public Employees' Retirement Fund and Teachers' Retirement Fund

- With the INPRS Board's decision to modify Annuity Savings Account (ASA) annuitizations starting October 1, 2014, the PERF and TRF incremental actuarial liability associated with expected annuitizations of ASA balances was removed from the actuarial valuations as of June 30, 2013.

Notes to the Financial Statements, continued June 30, 2013

(B) Legislative Changes

Below is a summary of significant legislative changes that are effective July 1, 2013.

Public Employees' Retirement Fund

- PERF members, beneficiaries, and survivors received a one-time check, based on years of service, in September 2013. The amount of the one-time check ranged from \$150 to \$450, depending upon a member's years of service, and was for a member who retired or was disabled on or before December 1, 2012, and who was entitled to receive a monthly benefit on July 1, 2013.

Teachers' Retirement Fund

- TRF members, beneficiaries, and survivors received a one-time check, based on years of service, in September 2013. The amount of the one-time check ranged from \$150 to \$450, depending upon a member's years of service, and was for a member who retired or was disabled on or before December 1, 2012, and who was entitled to receive a monthly benefit on July 1, 2013.

1977 Police Officers' and Firefighters' Pension and Disability Fund

- A 1.7 percent COLA was approved for eligible participants effective July 1, 2013, in accordance with IC 36-8-8-15.

Judges' Retirement System

- A 3.1 percent COLA was approved for eligible participants effective July 1, 2013.

State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan

- EG&C Plan members, beneficiaries, and survivors received a one-time check, based on years of service, in September 2013. The amount of the one-time check ranged from \$125 to \$400, depending upon a member's years of service, and was for a member who retired or was disabled on or before December 1, 2012, and who was entitled to receive a monthly benefit on July 1, 2013.

State Employees' Death Benefit Fund

- State employees' death benefit increased from \$50,000 to \$100,000 effective July 1, 2013.

Note 12. Required Supplementary Information and Other Supplementary Schedules

The historical trend information designed to provide information about INPRS' progress in accumulating sufficient assets to pay benefits when due is included as Required Supplementary Information. The Schedule of Funding Progress and Schedule of Contributions from Employers and Other Contributing Entities are included immediately following the Notes to the Financial Statements. Other Supplementary Schedules (i.e., Schedule of Administrative and Project Expenses; Schedule of Investment Expenses; Schedule of Contractual and Professional Services Expenses) are presented for the purpose of additional analysis and are not a required part of the Financial Statements.

Indiana Public Retirement System



Required Supplementary Information: Schedule of Funding Progress

(dollars in thousands)

| Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) or (Funding Surplus) (b) - (a) | Funded Ratio (a) / (b) | Annual Covered Payroll (c) | UAAL or (Funding Surplus) as Percent of Covered Payroll [(b)-(a)] / (c) |
|--|------------------------------------|---------------------------------------|--|------------------------|----------------------------|---|
| Public Employees' Retirement Fund | | | | | | |
| 6/30/2008 | \$ 12,780,116 | \$ 13,103,221 | \$ 323,105 | 97.5% | \$ 4,600,354 | 7.0% |
| 6/30/2009 | 12,569,336 | 13,506,280 | 936,944 | 93.1 | 4,931,423 | 19.0 |
| 6/30/2010 | 12,357,199 | 14,506,052 | 2,148,853 | 85.2 | 4,896,013 | 43.9 |
| 6/30/2011 | 12,000,586 | 14,913,147 | 2,912,561 | 80.5 | 4,818,774 | 60.4 |
| 6/30/2012 | 12,088,225 | 15,784,240 | 3,696,015 | 76.6 | 4,904,052 | 75.4 |
| 6/30/2013 | 12,947,283 | 16,145,681 | 3,198,398 | 80.2 | 4,766,910 | 67.1 |
| Teachers' Retirement Fund – Pre-1996 Account¹ | | | | | | |
| 6/30/2008 | \$ 5,953,991 | \$ 15,792,305 | \$ 9,838,314 | 37.7% | \$ 2,295,816 | 428.5% |
| 6/30/2009 | 5,109,086 | 16,027,093 | 10,918,007 | 31.9 | 2,030,484 | 537.7 |
| 6/30/2010 | 5,382,410 | 16,282,066 | 10,899,656 | 33.1 | 1,865,102 | 584.4 |
| 6/30/2011 | 5,227,402 | 16,318,404 | 11,091,002 | 32.0 | 1,762,750 | 629.2 |
| 6/30/2012 | 4,978,107 | 16,522,015 | 11,543,908 | 30.1 | 1,637,066 | 705.2 |
| 6/30/2013 | 5,235,104 | 16,462,379 | 11,227,275 | 31.8 | 1,383,428 | 811.6 |
| Teachers' Retirement Fund – 1996 Account | | | | | | |
| 6/30/2008 | \$ 3,080,057 | \$ 2,957,758 | \$ (122,299) | 104.1% | \$ 2,052,720 | (6.0)% |
| 6/30/2009 | 2,920,735 | 3,135,533 | 214,798 | 93.1 | 2,308,548 | 9.3 |
| 6/30/2010 | 3,422,554 | 3,614,559 | 192,005 | 94.7 | 2,447,509 | 7.8 |
| 6/30/2011 | 3,664,657 | 3,996,839 | 332,182 | 91.7 | 2,507,193 | 13.2 |
| 6/30/2012 | 3,936,455 | 4,338,309 | 401,854 | 90.7 | 2,594,952 | 15.5 |
| 6/30/2013 | 4,453,828 | 4,749,368 | 295,540 | 93.8 | 2,740,940 | 10.8 |
| Teachers' Retirement Fund – Total | | | | | | |
| 6/30/2008 | \$ 9,034,048 | \$ 18,750,063 | \$ 9,716,015 | 48.2% | \$ 4,348,536 | 223.4% |
| 6/30/2009 | 8,029,821 | 19,162,626 | 11,132,805 | 41.9 | 4,339,032 | 256.6 |
| 6/30/2010 | 8,804,964 | 19,896,625 | 11,091,661 | 44.3 | 4,312,611 | 257.2 |
| 6/30/2011 | 8,892,059 | 20,315,243 | 11,423,184 | 43.8 | 4,269,943 | 267.5 |
| 6/30/2012 | 8,914,562 | 20,860,324 | 11,945,762 | 42.7 | 4,232,018 | 282.3 |
| 6/30/2013 | 9,688,932 | 21,211,747 | 11,522,815 | 45.7 | 4,124,368 | 279.4 |
| 1977 Police Officers' and Firefighters' Pension and Disability Fund | | | | | | |
| 12/31/2007 | \$ 3,281,480 | \$ 2,889,295 | \$ (392,185) | 113.6% | \$ 603,963 | (64.9)% |
| 12/31/2008 | 3,352,705 | 3,150,827 | (201,878) | 106.4 | 644,936 | (31.3) |
| 6/30/2009 | 3,265,598 | 3,332,686 | 67,088 | 98.0 | 649,018 | 10.3 |
| 6/30/2010 | 3,374,438 | 3,639,669 | 265,231 | 92.7 | 675,797 | 39.2 |
| 6/30/2011 | 3,593,787 | 3,638,956 | 45,169 | 98.8 | 687,342 | 6.6 |
| 6/30/2012 | 3,786,595 | 4,122,436 | 335,841 | 91.9 | 697,111 | 48.2 |
| 6/30/2013 | 4,180,704 | 4,392,947 | 212,243 | 95.2 | 706,603 | 30.0 |

¹In accordance with Legislation passed during March 2012, the State appropriated additional monies during FY2013 to reach a funded status of 80.0 percent based on the actuarial valuations as of June 30, 2012, for the following three (3) retirement plans:

Judges' Retirement System – \$90,187 thousand

State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan – \$14,619 thousand

Prosecuting Attorneys' Retirement Fund – \$17,363 thousand

In addition the TRF Pre-1996 Account was appropriated \$206,796 thousand during fiscal year 2013.

Refer to Note 10. (Funded Status and Actuarial Information - Defined Benefit Plans) for the actuarial assumptions and methods used in preparing this schedule.

Indiana Public Retirement System



Required Supplementary Information: Schedule of Funding Progress, continued

(dollars in thousands)

| Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) or (Funding Surplus) (b) - (a) | Funded Ratio (a) / (b) | Annual Covered Payroll (c) | UAAL or (Funding Surplus) as Percent of Covered Payroll [(b)-(a)] / (c) |
|--|------------------------------------|---------------------------------------|--|------------------------|----------------------------|---|
| Judges' Retirement System¹ | | | | | | |
| 6/30/2008 | \$ 234,881 | \$ 338,749 | \$ 103,868 | 69.3% | \$ 33,729 | 307.9% |
| 6/30/2009 | 240,954 | 330,551 | 89,597 | 72.9 | 36,196 | 247.5 |
| 6/30/2010 | 242,143 | 364,123 | 121,980 | 66.5 | 36,722 | 332.2 |
| 6/30/2011 | 248,623 | 400,274 | 151,651 | 62.1 | 45,764 | 331.4 |
| 6/30/2012 | 260,096 | 437,854 | 177,758 | 59.4 | 45,138 | 393.8 |
| 6/30/2013 | 381,240 | 453,110 | 71,870 | 84.1 | 46,967 | 153.0 |
| State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan¹ | | | | | | |
| 6/30/2008 | \$ 65,375 | \$ 77,177 | \$ 11,802 | 84.7% | \$ 21,333 | 55.3% |
| 6/30/2009 | 68,170 | 89,296 | 21,126 | 76.3 | 25,238 | 83.7 |
| 6/30/2010 | 70,327 | 97,862 | 27,535 | 71.9 | 26,709 | 103.1 |
| 6/30/2011 | 72,599 | 101,534 | 28,935 | 71.5 | 24,028 | 120.4 |
| 6/30/2012 | 76,007 | 113,283 | 37,276 | 67.1 | 25,752 | 144.8 |
| 6/30/2013 | 98,608 | 118,097 | 19,489 | 83.5 | 26,201 | 74.4 |
| Prosecuting Attorneys' Retirement Fund¹ | | | | | | |
| 6/30/2008 | \$ 26,350 | \$ 38,069 | \$ 11,719 | 69.2% | \$ 20,617 | 56.8% |
| 6/30/2009 | 26,467 | 44,632 | 18,165 | 59.3 | 20,782 | 87.4 |
| 6/30/2010 | 26,166 | 49,174 | 23,008 | 53.2 | 21,016 | 109.5 |
| 6/30/2011 | 25,651 | 53,252 | 27,601 | 48.2 | 18,082 | 152.6 |
| 6/30/2012 | 27,501 | 56,080 | 28,579 | 49.0 | 21,705 | 131.7 |
| 6/30/2013 | 48,762 | 61,940 | 13,178 | 78.7 | 21,217 | 62.1 |
| Legislators' Retirement System - Defined Benefit Plan | | | | | | |
| 6/30/2008 | \$ 5,120 | \$ 5,039 | (81) | 101.6% | N/A ² | N/A ² |
| 6/30/2009 | 4,730 | 5,087 | 357 | 93.0 | N/A ² | N/A ² |
| 6/30/2010 | 4,075 | 4,909 | 834 | 83.0 | N/A ² | N/A ² |
| 6/30/2011 | 3,634 | 4,621 | 987 | 78.6 | N/A ² | N/A ² |
| 6/30/2012 | 3,377 | 4,503 | 1,126 | 75.0 | N/A ² | N/A ² |
| 6/30/2013 | 3,428 | 4,295 | 867 | 79.8 | N/A ² | N/A ² |

¹In accordance with Legislation passed during March 2012, the State appropriated additional monies during FY2013 to reach a funded status of 80.0 percent based on the actuarial valuations as of June 30, 2012, for the following three (3) retirement plans:

Judges' Retirement System - \$90,187 thousand

State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan - \$14,619 thousand

Prosecuting Attorneys' Retirement Fund - \$17,363 thousand

In addition the TRF Pre-1996 Account was appropriated \$206,796 thousand during fiscal year 2013.

²Benefit formula is primarily based on service, rather than compensation.

Refer to Note 10. (Funded Status and Actuarial Information -- Defined Benefit Plans) for the actuarial assumptions and methods used in preparing this schedule.

Indiana Public Retirement System



Required Supplementary Information: Schedule of Employer Contributions

(dollars in thousands)

Public Employees' Retirement Fund

| Fiscal Year Ended | Annual Required Contribution | Annual Employer Contribution | Percentage Contributed |
|------------------------|------------------------------|------------------------------|------------------------|
| 6/30/2008 | \$ 291,397 | \$ 303,877 | 104.3% |
| 6/30/2009 | 316,059 | 323,151 | 102.2 |
| 6/30/2010 | 360,183 | 331,090 | 91.9 |
| 6/30/2011 | 483,842 | 342,779 | 70.8 |
| 6/30/2012 | 509,724 | 397,843 | 78.1 |
| 6/30/2013 ¹ | 477,342 | 455,658 | 95.5 |

Teachers' Retirement Fund – Pre-1996 Account

| Fiscal Year Ended | Annual Required Contribution | Annual Employer Contribution | Percentage Contributed |
|-------------------|------------------------------|------------------------------|------------------------|
| 6/30/2008 | \$ 678,050 | \$ 675,682 | 99.7% |
| 6/30/2009 | 700,307 | 706,366 | 100.9 |
| 6/30/2010 | 850,493 | 731,149 | 86.0 |
| 6/30/2011 | 894,507 | 748,978 | 83.7 |
| 6/30/2012 | 866,207 | 764,423 | 88.2 |
| 6/30/2013 | 873,751 | 1,013,080 | 115.9 ² |

Teachers' Retirement Fund 1996 Account

| Fiscal Year Ended | Annual Required Contribution | Annual Employer Contribution | Percentage Contributed |
|------------------------|------------------------------|------------------------------|------------------------|
| 6/30/2008 | \$ 122,009 | \$ 132,446 | 108.6% |
| 6/30/2009 | 119,331 | 147,425 | 123.5 |
| 6/30/2010 | 101,627 | 154,491 | 152.0 |
| 6/30/2011 | 154,142 | 166,633 | 108.1 |
| 6/30/2012 | 173,651 | 181,067 | 104.3 |
| 6/30/2013 ¹ | 167,311 | 180,714 | 108.0 |

Teachers' Retirement Fund – Total

| Fiscal Year Ended | Annual Required Contribution | Annual Employer Contribution | Percentage Contributed |
|-------------------|------------------------------|------------------------------|------------------------|
| 6/30/2008 | \$ 800,059 | \$ 808,128 | 101.0% |
| 6/30/2009 | 819,638 | 853,791 | 104.2 |
| 6/30/2010 | 952,120 | 885,640 | 93.0 |
| 6/30/2011 | 1,048,649 | 915,611 | 87.3 |
| 6/30/2012 | 1,039,858 | 945,490 | 90.9 |
| 6/30/2013 | 1,041,062 | 1,193,794 | 114.7 ² |

1977 Police Officers' and Firefighters' Pension and Disability Fund

| Fiscal Year Ended | Annual Required Contribution | Annual Employer Contribution | Percentage Contributed |
|------------------------|------------------------------|------------------------------|------------------------|
| 12/31/2007 | \$ 108,741 | \$ 122,712 | 112.7% |
| 12/31/2008 | 117,773 | 133,196 | 112.6 |
| 6/30/2009 | 62,881 | 64,285 | 102.2 |
| 6/30/2010 | 126,558 | 130,775 | 103.3 |
| 6/30/2011 | 133,903 | 133,726 | 99.9 |
| 6/30/2012 | 141,988 | 135,605 | 95.5 |
| 6/30/2013 ¹ | 88,287 | 137,111 | 155.3 |

Judges' Retirement System

| Fiscal Year Ended | Annual Required Contribution | Annual Employer Contribution | Percentage Contributed |
|-------------------|------------------------------|------------------------------|------------------------|
| 6/30/2008 | \$ 10,028 | \$ 15,920 | 158.8% |
| 6/30/2009 | 16,131 | 20,861 | 129.3 |
| 6/30/2010 | 16,077 | 18,631 | 115.9 |
| 6/30/2011 | 18,910 | 19,200 | 101.5 |
| 6/30/2012 | 19,664 | 18,896 | 96.1 |
| 6/30/2013 | 25,458 | 111,419 | 437.7 ³ |

State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan

| Fiscal Year Ended | Annual Required Contribution | Annual Employer Contribution | Percentage Contributed |
|------------------------|------------------------------|------------------------------|------------------------|
| 6/30/2008 | \$ 3,676 | \$ 4,854 | 132.0% |
| 6/30/2009 | 4,427 | 5,294 | 119.6 |
| 6/30/2010 | 5,237 | 5,256 | 100.4 |
| 6/30/2011 | 5,179 | 5,197 | 100.3 |
| 6/30/2012 | 5,532 | 5,054 | 91.4 |
| 6/30/2013 ¹ | 5,003 | 19,740 | 394.6 ³ |

Prosecuting Attorneys' Retirement Fund

| Fiscal Year Ended | Annual Required Contribution | Annual Employer Contribution | Percentage Contributed |
|-------------------|------------------------------|------------------------------|------------------------|
| 6/30/2008 | \$ 1,040 | \$ 170 | 16.3% |
| 6/30/2009 | 1,340 | 170 | 12.7 |
| 6/30/2010 | 1,663 | 170 | 10.2 |
| 6/30/2011 | 1,960 | 170 | 8.7 |
| 6/30/2012 | 2,037 | 1,839 | 90.3 |
| 6/30/2013 | 2,542 | 19,443 | 764.9 ³ |

Legislators' Retirement System Defined Benefit Plan

| Fiscal Year Ended | Annual Required Contribution | Annual Employer Contribution | Percentage Contributed |
|-------------------|------------------------------|------------------------------|------------------------|
| 6/30/2008 | \$ 66 | \$ 100 | 151.5% |
| 6/30/2009 | 45 | 100 | 222.2 |
| 6/30/2010 | 63 | - | 0.0 |
| 6/30/2011 | 113 | - | 0.0 |
| 6/30/2012 | 113 | 112 | 99.1 |
| 6/30/2013 | 140 | 150 | 107.1 |

¹Fiscal Year 2013 Annual Required Contribution has been developed based on actual employer payroll.

²The TRF Pre-1996 Account was appropriated additional monies from the excess state reserves of \$206,796 thousand during fiscal year 2013.

³In accordance with Legislation passed during March 2012, the State appropriated additional monies during FY2013 to reach a funded status of 80.0 percent based on the actuarial valuations as of June 30, 2012, for the following three (3) retirement plans:

Judges' Retirement System – \$90,187 thousand
 State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan – \$14,619 thousand
 Prosecuting Attorneys' Retirement Fund – \$17,363 thousand

Refer to Note 10. (Funded Status and Actuarial Information – Defined Benefit Plans) for the actuarial assumptions and methods used in preparing this schedule.

Other Supplementary Schedules: Schedule of Administrative and Project Expenses

(dollars in thousands)

| | Fiscal Year Ended June 30 | |
|--|---------------------------|-------------------|
| | 2013 | 2012 ¹ |
| Personnel Services: | | |
| Salaries and Wages | \$ 9,518 | \$ 9,113 |
| Temporary Services | 5,950 | 6,898 |
| Employee Benefits | 4,061 | 3,828 |
| Total Personnel Services | 19,529 | 19,839 |
| Contractual and Professional Services: | | |
| Benefit Payment Processing Fees | 2,555 | 2,445 |
| Consulting Services | 817 | 684 |
| Actuarial Services | 759 | 889 |
| Legal Services | 102 | 183 |
| Total Contractual and Professional Services | 4,233 | 4,201 |
| Information Technology Services: | | |
| Software and Licenses | 1,473 | 1,873 |
| Data Processing | 1,427 | 879 |
| Other Computer Services | 2 | 150 |
| Total Information Technology Services | 2,902 | 2,902 |
| Communications: | | |
| Postage | 829 | 1,004 |
| Telephone | 369 | 133 |
| Printing | 281 | 763 |
| E-communications | 120 | - |
| Total Communications | 1,599 | 1,900 |
| Miscellaneous: | | |
| Depreciation and Amortization | 2,370 | 1,375 |
| Office Rent and Expenses | 1,007 | 974 |
| Equipment Rental | 178 | 87 |
| Memberships and Training | 148 | 109 |
| Travel | 61 | 51 |
| Other Administrative Expenses | 166 | 51 |
| Total Miscellaneous | 3,930 | 2,647 |
| Total Administrative Expenses | \$ 32,193 | \$ 31,489 |
| Total Project Expenses | \$ 13,728 | \$ 9,359 |
| Total Administrative and Project Expenses | \$ 45,921 | \$ 40,848 |

¹Schedule of Administrative and Project Expenses as of June 30, 2012 has been restated to provide greater transparency and is reflected as comparable to INPRS' June 30, 2013 reporting classifications.

Other Supplementary Schedules: Schedule of Administrative Contractual and Professional Services Expenses

(dollars in thousands)

| Vendor Name | Fiscal Year Ended June 30 | | Nature of Services |
|--|---------------------------|-------------------|--|
| | 2013 | 2012 ¹ | |
| Xerox | \$ 2,576 | \$ 2,506 | Benefit Payment Services |
| PricewaterhouseCoopers LLP | 651 | 721 | Actuarial Services |
| Protiviti Inc. | 219 | 212 | Enterprise Risk Management/Vendor Management |
| Indiana State Board of Accounts | 193 | 44 | Audit Services |
| Nyhart, Inc. | 108 | 167 | Actuarial Services |
| Gartner, Inc. | 70 | 44 | IT Research |
| Ice Miller LLP | 67 | 116 | Legal Services |
| AIRvan Consulting LLC | 65 | 67 | Market Research Services |
| Omkar Markand, M.D. | 58 | 50 | Medical Consulting |
| CEM Benchmarking, Inc. | 40 | 35 | Benchmarking Services |
| Ernst & Young LLP | 34 | 172 | Management Consulting |
| Automatic Data Processing, Inc. | 33 | 24 | Payroll Processing Services |
| ERP Control Specialists, LLC | 29 | 20 | Internal Audit Software |
| Flashpoint | 16 | - | Management Consulting |
| Segal | 15 | - | Management Consulting |
| Brijjent | 14 | - | Training Services |
| Krieg DeVault LLP | 12 | 24 | Legal Services |
| McLagan | 9 | 40 | Human Resource Management Services |
| Stephenson Morow & Semler | 4 | 11 | Legal Services |
| KPMG LLP | - | (88) | Strategic Assessment and IT Consulting |
| Other Contractual and Professional Services | 20 | 36 | Other Services |
| Total Administrative Contractual and Professional Services Expenses | \$ 4,233 | \$ 4,201 | |

¹Schedule of Administrative Contractual and Professional Services Expenses as of June 30, 2012 has been restated to be more comparable to INPRS' June 30, 2013 reporting classifications.

Fees paid to investment professionals can be found in the Investment Section.

Other Supplementary Schedules: Schedule of Project Expenses

(dollars in thousands)

| | Fiscal Year Ended June 30 | |
|--|---------------------------|-----------------|
| | 2013 | 2012 |
| Personnel Services: | | |
| Temporary Services | \$ 4,444 | \$ 2,626 |
| Salaries and Wages | 371 | 446 |
| Employee Benefits | 128 | 169 |
| Total Personnel Services | 4,943 | 3,241 |
| Contractual and Professional Services: | | |
| Consulting Services | 7,244 | 5,173 |
| Legal Services | - | 2 |
| Total Contractual and Professional Services | 7,244 | 5,175 |
| Information Technology Services: | | |
| Data Processing | 1,419 | 711 |
| Software and Licenses | 172 | 204 |
| Total Information Technology Services | 1,591 | 915 |
| Communications and Miscellaneous | (50) | 28 |
| Total Project Expenses | \$ 13,728 | \$ 9,359 |

Other Supplementary Schedules:
Schedule of Project Contractual and Professional Services Expenses

(dollars in thousands)

| Vendor Name | Fiscal Year Ended June 30 | | Nature of Services |
|---|---------------------------|-----------------|--|
| | 2013 | 2012 | |
| CherryRoad Technologies Inc. | \$ 3,389 | \$ 1,456 | Strategic Assessment and IT Consulting |
| Oracle America, Inc. | 1,941 | 535 | Strategic Assessment and IT Consulting |
| Briljent | 1,051 | 1,022 | Training Documentation |
| Xerox | 532 | 139 | Strategic Assessment and IT Consulting |
| IBM Corporation | 159 | - | Software Licenses |
| KPMG LLP | 121 | 2,021 | Strategic Assessment and IT Consulting |
| Guidesoft | 51 | - | Training Documentation |
| Ice Miller LLP | - | 2 | Legal Services |
| Total Project Contractual and Professional Services Expenses | \$ 7,244 | \$ 5,175 | |

Fees paid to investment professionals can be found in the Investment Section.

Other Supplementary Schedules: Schedule of Investment Expenses

(dollars in thousands)

| | Fiscal Year Ended June 30 | |
|---|---------------------------|-------------------|
| | 2013 | 2012 |
| Investment Consultants: | | |
| Strategic Investment Solutions | \$ 1,000 | \$ 1,071 |
| Aksia | 500 | 525 |
| ORG Portfolio Management LLC | 322 | 339 |
| Capital Cities | 105 | 128 |
| Xerox | 69 | - |
| Other | 13 | - |
| Institutional Shareholder Services | 7 | 93 |
| Hinkle Creek Consulting | - | 268 |
| Hamilton Lane | - | 42 |
| S.R. Batliboi and Co. | - | 22 |
| RV Kuhns and Associates Inc. | - | 10 |
| Total Investment Consultants | 2,016 | 2,498 |
| Investment Custodians: | | |
| BNY Mellon | 513 | 439 |
| JP Morgan | - | 98 |
| The Northern Trust Company | - | (5) |
| Total Investment Custodians | 513 | 532 |
| Investment Recordkeeper Fees | 5,705 | 6,098 |
| Investment Management Fees | 127,093 | 106,484 |
| Investment Staff Expenses | 1,817 | 1,322 |
| Investment Administrative Expenses | 1,242 | 840 |
| Total Investment Expenses | \$ 138,386 | \$ 117,774 |

Indiana Public Retirement System



2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

Investment Section

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STRATEGIC INVESTMENT SOLUTIONS, INC.

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 TEL 415/362-3484 FAX 415/362-2752

August 7, 2013

Board of Trustees
 Indiana Public Retirement System
 One North Capitol Avenue
 Indianapolis, IN 46204

Dear Trustees:

Strategic Investment Solutions is pleased to provide you with an overview of the economic environment for the year ended June 30, 2013, how it impacted the Indiana Public Retirement System investment results and observations regarding the current investment strategy.

Economic Environment

The environment for the year ended June 30, 2013 was impacted by slow economic growth, low inflation, persistent unemployment and ongoing Fed policy.

Over the fiscal year, U.S. GDP growth and inflation were as follows:

| Annualized Percentage Growth | | |
|------------------------------|----------|----------|
| | U.S. GDP | U.S. CPI |
| Third Quarter 2012 | 2.8% | 4.8% |
| Fourth Quarter 2012 | 0.1 | (0.8) |
| First Quarter 2013 | 1.1 | 2.1 |
| Second Quarter 2013 | 1.7 | 0.9 |
| Annual Average | 1.4 | 1.7 |

During the fourth quarter of 2012, fears of the Federal “fiscal cliff” caused individuals and businesses to restrain or postpone spending, leading to weak growth and deflation during that period. While the fiscal cliff issues were resolved at the end of 2012, this was replaced with the “budget sequestration”. With Federal spending suddenly reduced, the economy grew modestly in the first half of 2013. However, the removal of uncertainty combined with aggressive Fed policy helped to propel the markets in early 2013.

The unemployment rate was at 8.2 percent on June 30, 2012. Over the course of the year, it has slowly declined to 7.4 percent on June 30, 2013. There is considerable concern that underemployment and the decline in workforce participation means the unemployment rate does not fully capture the current employment picture.

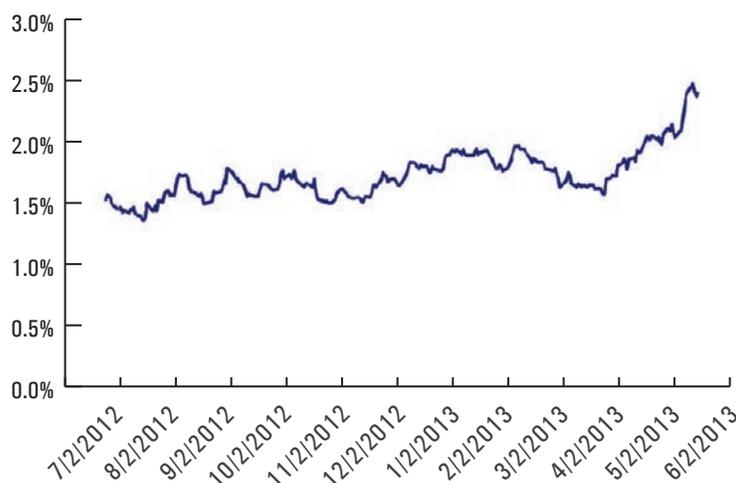
Report on Investment Activities, continued

Finally, the Fed has been aggressive in lowering interest rates by buying Treasuries and mortgage securities. The impact is two-fold: 1) For borrowers, this reduces the cost of borrowing whether it be for companies expanding businesses or individuals buying homes or cars. 2) For investors, low interest rates encourage them to consider non-fixed income investments, thereby driving up the prices of other financial assets.

The Fed has strived for transparency in communicating their intentions. This has generally served the market well, leading to decreased volatility. With inflation low and unemployment still high, the Fed has stated that they will continue to be accommodative. Any change in the Fed policy will be closely watched.

The sensitivity to Fed policy was highlighted on May 22nd when Fed Chairman Ben Bernanke commented that improving conditions could lead the Fed to reduce the aggressiveness of the existing policy. This led to a quick spike in interest rates as shown in the graph below.

Yield on 10-Year Treasury



Interest rates for the 10 year Treasury had been in a range between 1.5 percent and 2.0 percent. But with concerns that Fed policy could soon change, rates quickly rose to 2.5 percent. Should Fed policy and its actions actually change, interest rates would likely rise further and potentially rapidly.

In Europe, the debt concerns continued but not at the crisis levels of prior years. The improving environment has led to lower volatility and improved investor confidence, pushing stock prices higher.

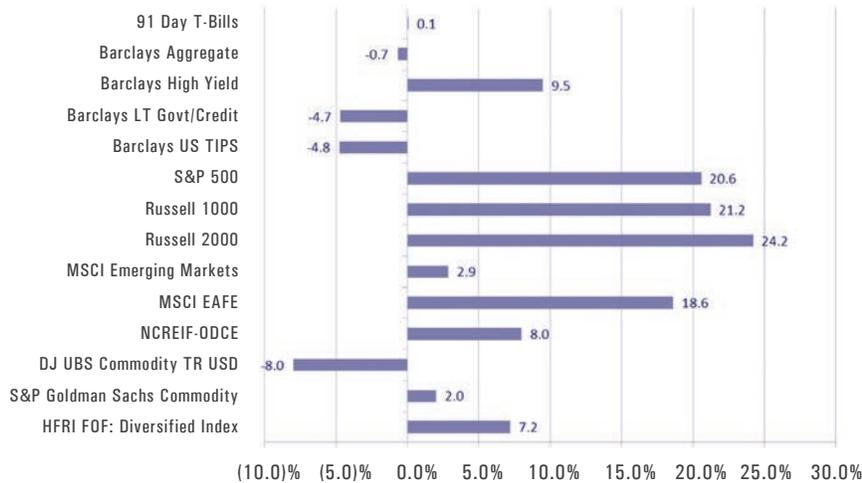
In Japan, Prime Minister Shinzo Abe is pursuing policies to improve the Japanese economy using both fiscal and monetary tools. Higher inflation and a weaker yen have improved the prospects for export-oriented Japanese companies, resulting in strong market performance.

In China, economic growth has slowed from a high of over 10 percent in 2010 to what is expected to be around 7.5 percent for 2013. This slowing growth has hurt the economies and companies that sell into the Chinese marketplace.

Impact on Investments

INPRS' investments are broadly diversified across many asset classes. The returns for indices that are representative of these asset classes can be seen in the chart below.

Key Index Returns for the Year Ended June 30, 2013

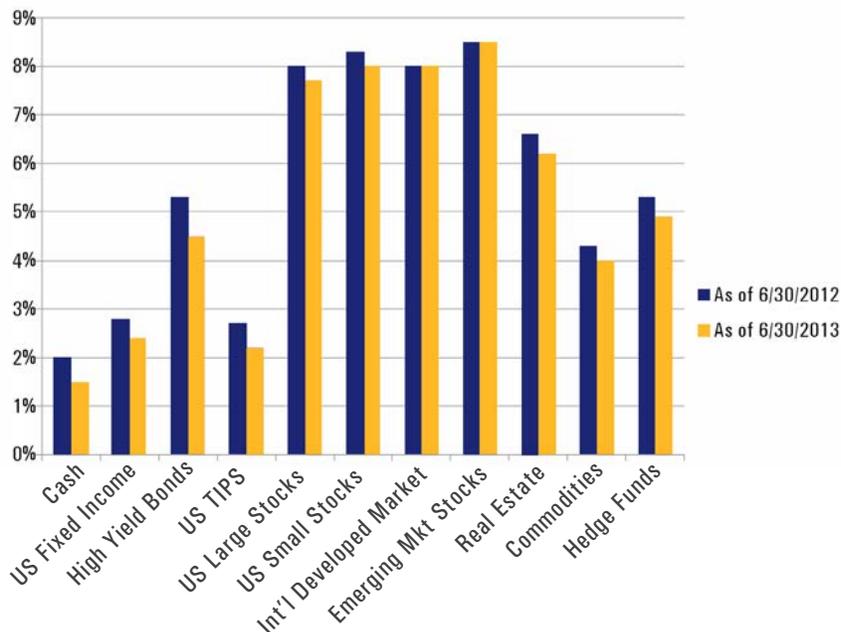


By being well diversified, INPRS has been able to pursue a risk-balanced strategy, thereby capturing the benefits of economic and earnings growth, at an appropriate level of risk. Maintaining a measured level of risk is an important objective, as this will lead to less volatility of funded status and required employer contributions.

Observations Regarding the Current Investment Strategy

We closely monitor the various markets in which INPRS is invested so that we can estimate the likelihood of achieving attractive long-term returns and understand how these correspond with the returns needed to maintain the adequate funding of the System. SIS works with INPRS to consider the risks of various investment strategies and asset allocations; the current asset mix is the result of an asset allocation study conducted in 2011. This is expected to be updated in 2014.

Capital Market Expected Returns



Report on Investment Activities, continued

The expected returns for various markets have changed over the last year, many of them declining due to the low economic growth that we have experienced. In this environment, we have assisted in identifying approaches to reduce the System's exposure to public equities as the primary source of returns and also to manage the fixed income portfolio to mitigate against the impact of low yields, higher interest rates and higher inflation. At the same time, we believe that implementing too aggressive of a plan could impact the financial stability of the System. The current investment strategy represents a reasonable balance between these competing objectives.

Sincerely,



Pete Keliuotis, CFA Managing Director

Report from the Chief Investment Officer

INPRS Investment Imperatives

There are three long-term imperatives that are vital for the continued health of the System. Every strategic and tactical decision that is made must have the expectation of positively contributing to our imperatives.

- 1) **Achieve the long-term rate of return assumption.** Effective Fiscal Year 2013 (FY13), the long-term rate of return assumption, set by INPRS Board, is 6.75 percent. In order for INPRS to maintain a healthy funded status, it is essential to achieve this rate of return over a long-term period, defined as 10+ years in the Investment Policy Statement.
- 2) **Accomplish the first goal as effectively and efficiently as possible.** Recognizing that not only is it important to return 6.75 percent, or the long-term rate of return, but as fiduciaries, it is equally important to accomplish this by focusing on return per unit of risk, diversification, and cost efficiency.
- 3) **Have sufficient liquidity on hand to pay beneficiaries.** The liquidity available in the portfolio is continuously monitored. The current liquidity profile is more than sufficient to match the beneficiary payment requirements of the System.

Year in Review

Fiscal Year 2012 (FY12) was a historic year because it was the year of integration and consolidation from two entities (PERF and TRF) into one entity (INPRS). In FY13, there was continued realization of merger efficiencies (e.g., consolidation of investment managers), with cost savings resulting in a net present value benefit to the System of over \$40 million. Also occurring in FY13 was the merging of the Annuity Savings Account (ASA) investment options contributing to further synergistic cost savings. The estimated savings from the ASA merger was \$92,000 annually.

As has been the case since the inception of INPRS, risk management continued to evolve in Investments as well as the rest of the organization. The Barra risk system implemented in FY12 is now fully functional and is contributing to the focus on risk management at INPRS. The Investment Department also improved the compliance systems and developed and implemented a new set of INPRS investment procedures.

FY13 also marked a year in which INPRS took tremendous steps toward creating a more diversified and balanced portfolio. Starting in 2011, the INPRS Board and investment team set out on a course to assemble an asset allocation and build a risk-focused culture that better fit the guiding principles set forth in the INPRS Investment Policy Statement. Those principles focus on the following:

- The long-term nature of the plans (10+ years);
- The importance of minimizing risk and volatility through diversification; and
- The acknowledgement that, despite any actions taken, markets would exhibit short-term volatility (positive and negative) around the target rate of return over time.

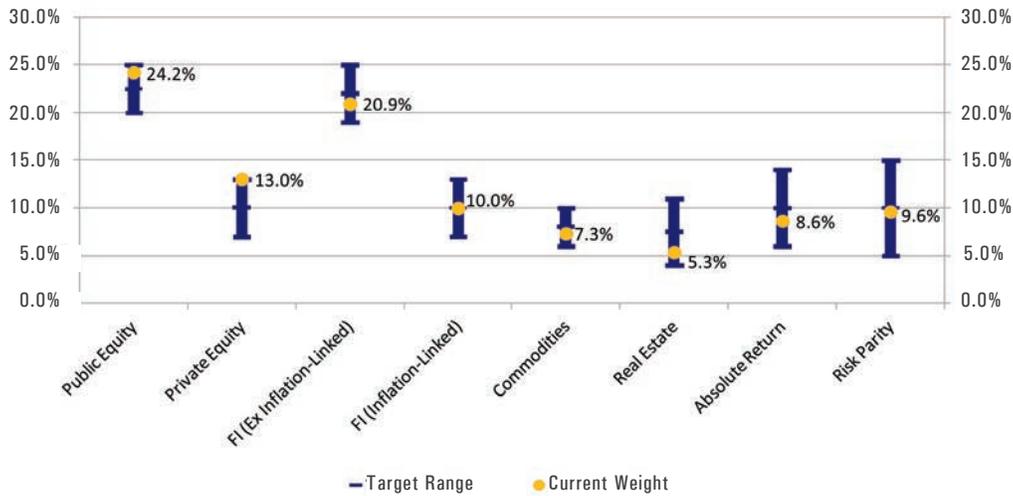
The INPRS Board and investment team also agreed on the importance of reducing the portfolio's correlation with the financial health of INPRS' funding sources, employers around the State. More often than not, the environment that tends to be the most stressful on employers' ability to fund the pension plans is when growth is weak and equities have performed poorly. Thus, we want to minimize the portfolio's negative performance during these periods.

It was also determined that it was in the best interest of the System to build a more balanced portfolio, which could withstand multiple economic environments. Such an approach seeks to reduce the reliance on strong growth and low inflation (equity-friendly) environments in the U.S. to achieve the targeted return. Accordingly, in October 2011, the INPRS Board approved a new asset allocation that featured a 10 percent allocation to risk parity strategies, increased investments in inflation-sensitive assets (inflation-linked bonds and commodities), continued investment in long-term strategies that could take advantage of return premiums

Report from the Chief Investment Officer, continued

from illiquidity (private equity and private real estate), and a restructure of the absolute return and fixed income portfolios that would reduce the sensitivity of their returns to equity markets. One statistic to confirm this is how the Beta to the S&P has been significantly reduced. In FY13, the portfolio's Beta to the S&P 500 was 0.41 compared to 0.92 close to a decade ago.

In FY13, the allocation moved much closer to the target and was well within the approved bands.

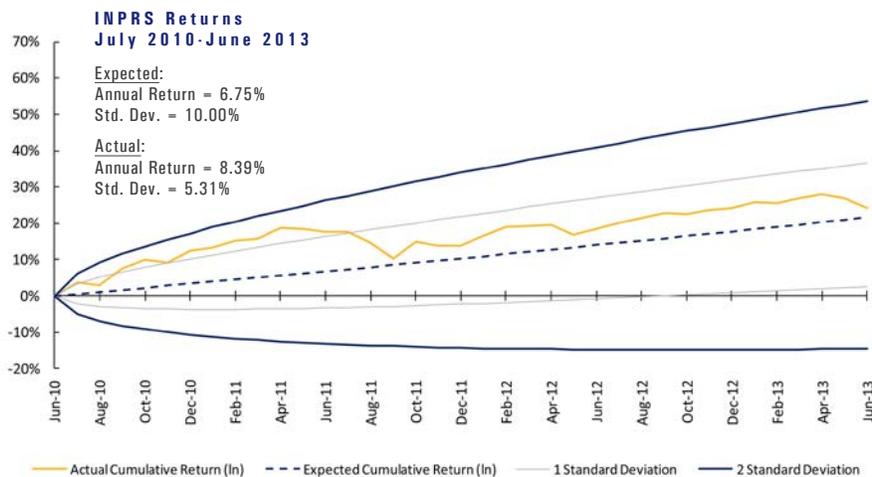


NOTE: FI (Ex Inflation-Linked) is shown exclusive of cash and cash equivalents.

Performance¹

While FY13 was a year in which the investment team successfully achieved the last two imperatives (efficiency and liquidity), a challenging environment in the final two months of the fiscal year proved to be just difficult enough to move the portfolio's one-year performance below the 6.75 percent target rate of return. As discussed above, the investment team has worked diligently to improve the diversification of the portfolio over the past few years. Nevertheless, May and June provided few asset classes with positive performance. As a result, INPRS finished the fiscal year with a 6.0 percent return net of fees. The following chart shows the cumulative performance of INPRS' portfolio over the past three years, a time period which included the consolidation of the PERF and TRF plans into INPRS, merger of the Boards and staffs, and adoption of a new asset allocation.

INPRS Net of Fees Cumulative Returns

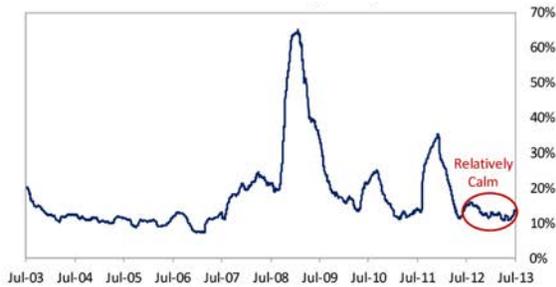


¹Rates of return are based on calculations made by the System's custodian, Bank of New York Mellon, and are presented using a time-weighted rate of return methodology based upon market value.

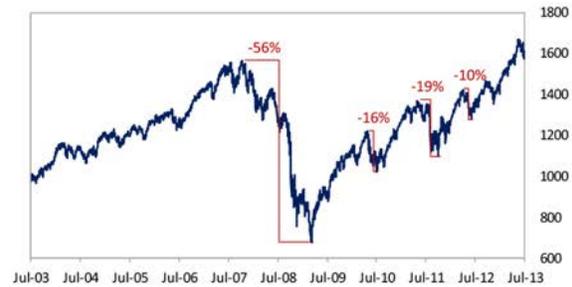
Report from the Chief Investment Officer, continued

While recent years have provided violently swinging markets to navigate, FY13 was unusually calm for many asset classes, especially those with a rising growth bias, such as equities. As the graphs below illustrate, this year was the first fiscal year since 2007 in which the S&P 500 did not see a significant spike in volatility and a drawdown worse than negative 7.00 percent.

S&P 500 90-Day Volatility

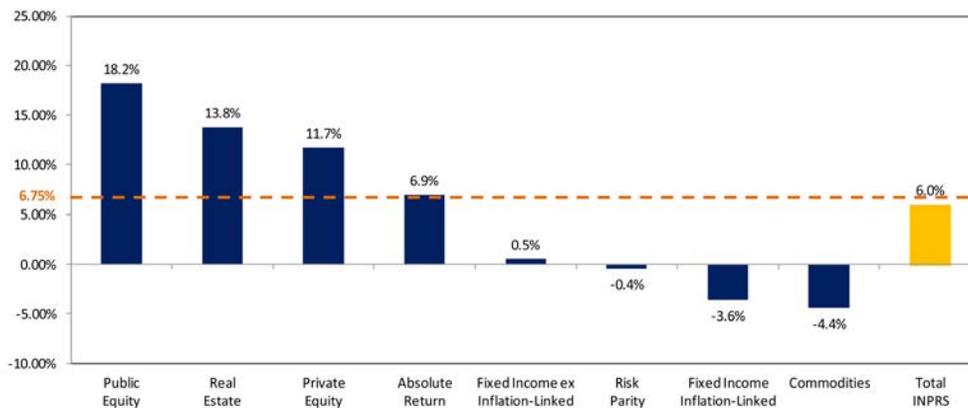


S&P 500 Index Price



Given this relative tranquility, equities (public and private) and real estate were clear winners while holding a diversified portfolio, including fixed income and commodities, produced returns that were closer to long-term expectations.

INPRS Fiscal Year 2013 Net of Fees Total Return



The total INPRS portfolio finished April with a FYTD return of 10.0 percent net of fees, and we seemed to be well on our way to surpassing a 6.75 percent return for the year. Additionally, the annualized 10-year return was at 6.9 percent net of fees at that time.

Struggling markets in May and June 2013, however, led to a total plan return slightly below the 6.75 percent target over the fiscal year and 10-year period ending June 30, 2013. This abrupt change in the markets is a good example of why a few months should not dictate whether an asset allocation is a success. The imperatives are focused on constructing a portfolio with a tighter distribution

Report from the Chief Investment Officer, continued

versus the target rate of return over longer periods of time, and to this end, we have seen some signs of dampened volatility versus the traditional asset allocation over the past few years. Nevertheless, we will continually strive to improve the portfolio's diversification and achieve a tighter distribution of returns going forward.

Although it is possible that the equity-dominance of FY13 might persist, there are other possible outcomes that could be positive for asset classes that perform well in low growth and/or rising inflation environments. As a result, we continue to hold a diversified portfolio of multiple asset classes (including equities) in search of smoother performance over longer periods of time.

Sincerely,



David C. Cooper
Chief Investment Officer

Outline of Investment Policies

The Indiana Public Retirement System (“INPRS”) Board of Trustees (“Board”) serves as the ultimate fiduciary of INPRS. Indiana Code, Article 5-10.5, provides that a nine-member Board of Trustees will oversee INPRS. The nine (9) trustees shall be appointed by the Governor, four (4) of whom must be members of INPRS. The INPRS Board of Trustees appoints the executive director of INPRS.

The Board establishes investment policies; however, Indiana law establishes guidelines on the investment of the System’s assets. At all times, INPRS must invest its assets in accordance with the “Prudent Investor” standard. Under this standard, investment decisions are based upon the same degree of care that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a similar character with similar aims.

The objective of the Board’s Investment Policy Statement (“IPS”) is to maintain adequate funding for each retirement fund and pension system in order to provide for the payment of such fund’s actuarially determined liabilities over time in a cost-effective manner. The purpose of the IPS is to support this general objective by:

- Setting forth the investment policies which the Board judges to be appropriate and prudent, in consideration of the needs and legal requirements applicable to direct investment of the assets;
- Making a clear distinction between the roles and responsibilities of the Board, Staff, and each Service Provider;
- Establishing formalized criteria to measure, monitor and evaluate the performance results of the Investment Managers;
- Communicating the investment policies, objectives, guidelines, and performance criteria of the Board to the Staff, Investment Managers, Consultants, Service Providers, Employers, Members, and all other interested parties; and
- Serving as a review document to guide the ongoing oversight of the investments by the System and demonstrating that the Board is fulfilling its fiduciary responsibilities in the administration and management of each retirement fund’s assets solely in the interests of such retirement fund’s members and beneficiaries.

The Board intends for the IPS to be a dynamic document, and, as such, expects to conduct periodic reviews utilizing input from the INPRS staff, consultants and other knowledgeable parties. The Board anticipates approving changes from time to time to reflect changes in any or all of economic and market conditions, investment opportunities, the System’s investment strategy, benefit provisions, and the governance of INPRS.

The Board recognizes that the allocation of assets is the most important determinant of investment rates of returns over long periods of time. The procedure for determining the allocation will consider the relevant characteristics of the liabilities and the potential assets of the fund. An asset liability study will be conducted no less than every three (3) years and will analyze the expected returns of various asset classes, projected liabilities, risks associated with alternative asset mix strategies and their effect on the projected market value of assets, funded status, and contributions to the fund.

The investment portfolio includes long-term commitments to the following asset classes: Public Equity, Private Equity, Fixed Income Ex Inflation-Linked Protection, Fixed Income including Inflation-Linked Protection, Commodities, Real Estate, Absolute Return, and Risk Parity. The current asset allocation, approved by the Board on October 28, 2011, is as follows:

| INPRS Asset Allocation | Target Allocation | Target Range | Benchmark |
|------------------------------------|-------------------|--------------|---|
| Public Equity | 22.5% | +/- 2.5% | MSCI All Country World |
| Private Equity | 10.0% | +/- 3.0% | Russell 3000 + 300bps |
| Fixed Income – Ex Inflation-Linked | 22.0% | +/- 3.0% | Barclays Global Aggregate (USDH) |
| Fixed Income – Inflation-Linked | 10.0% | +/- 3.0% | Barclays Global Inflation-Linked (USDH) |
| Commodities | 8.0% | +/- 2.0% | Custom Benchmark |
| Real Estate | 7.5% | +/- 3.5% | NCREIF NFI-ODCE |
| Absolute Return | 10.0% | +/- 4.0% | HFRI Fund of Funds Composite |
| Risk Parity | 10.0% | +/- 5.0% | Custom Benchmark |

Outline of Investment Policies, continued

The Board employs investment managers to implement the asset allocation through a selective and thorough search process that embodies the principles of procedural due diligence. It is the intent of the Board to encourage the participation of all qualified organizations in this process. The Board encourages investment managers to develop long-term investment strategies consistent with the guidelines outlined in the IPS, as well as governing Indiana statutes. Additionally, investment managers will adhere to and comply with the CFA Institute Global Investment Performance Standards in calculating and reporting investment performance. Performance of each manager is measured against the rate of return associated with appropriate market index benchmarks and an appropriate universe or style peer group of investment managers.

Annuity Savings Accounts (ASA) are accounts established for each member of the Public Employees' Retirement Fund and the Teachers' Retirement Fund. A member's account is credited with the legislated three (3.0) percent mandatory contribution (either paid by the member or "picked-up" by the employer). The member has investment direction to several alternative funds or may direct contributions to the Guaranteed Fund. The ASA produces an additional separate benefit from the fixed-formula employer funded pension benefit to the member. The current ASA investment options currently include:

- Large Cap Equity Index Fund;
- Small / Mid Cap Equity Fund;
- International Equity Fund;
- Fixed Income Fund;
- Inflation-Linked Fixed Income Fund;
- Target Date Retirement Funds;
- Money Market Fund (PERF ASA only);
- Stable Value Fund (PERF ASA Only Plan & Legislators' Plan only);
- Consolidated Defined Benefit Assets (Legislators' Plan only);
- Guaranteed Fund

The Guaranteed Fund provides a guarantee of the value of an individual's contributions plus any interest credited. The INPRS Board of Trustees annually establishes the interest crediting rate for the Guaranteed Fund based on a uniform methodology. The interest crediting rate for the Guaranteed Fund during the last 10 years is included in the Investment Results of this section.

The number and types of investment funds offered will be periodically reviewed by the Board in order to ensure diversity of investment alternatives, adequate and reasonable availability of investment types, and clarity and usefulness of the investment choices. ASA performance data is included in the Investment Results of this section.

Fund Fact Sheets for the aforementioned ASA investment options, are available online at: <http://www.in.gov/inprs/fundfactsheets.htm>.

Investment Summary

(dollars in millions)

| | Actual Assets | Percent |
|---|--------------------|---------------|
| Consolidated Defined Benefit Assets: | | |
| Defined Benefit Retirement Plans' Assets | \$ 21,479.6 | 79.2% |
| Legislators' Defined Contribution Plan (LEDC Plan) ¹ | 9.1 | - |
| Total Consolidated Defined Benefit Assets | 21,488.7 | 79.2 |
| Annuity Savings Accounts (ASA) Assets²: | | |
| Public Employees' Retirement Fund (PERF) | 2,780.5 | 10.3 |
| Teachers' Retirement Fund (TRF) | 2,802.8 | 10.3 |
| Total Annuity Savings Accounts Assets | 5,583.3 | 20.6 |
| Legislators' Defined Contribution Plan ³ | 15.2 | 0.1 |
| Pension Relief Fund ⁴ | 35.6 | 0.1 |
| Death Benefit Funds ⁵ | 12.6 | - |
| Total INPRS Investments⁶ | \$ 27,135.4 | 100.0% |

¹Assets represent members of the LEDC Plan who have elected the Consolidated Defined Benefit Assets option.

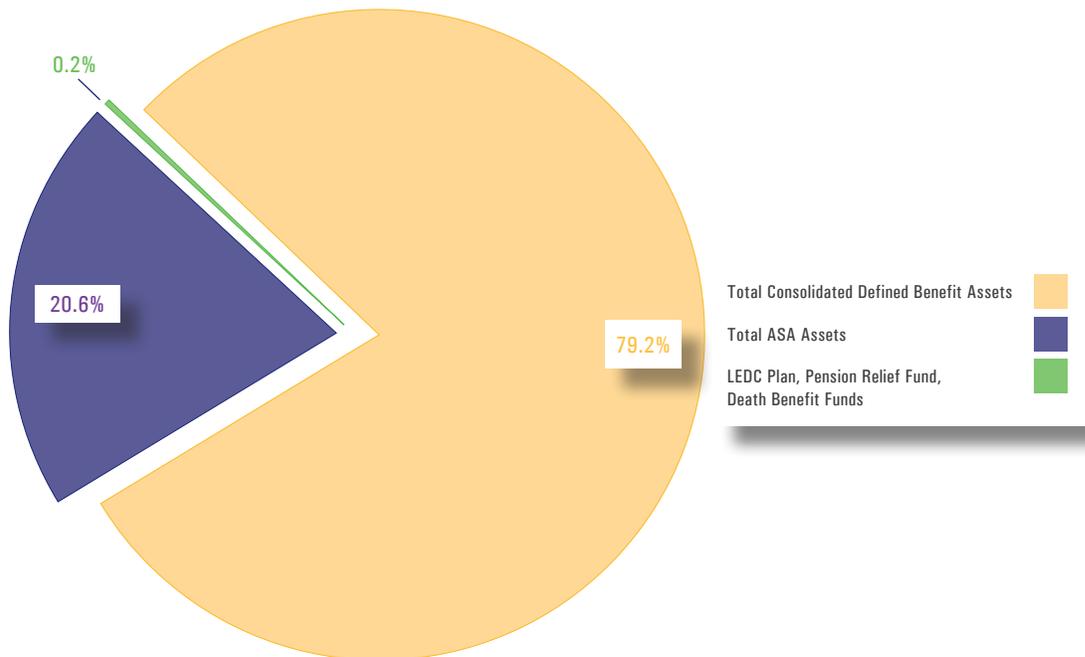
²ASA assets are directed by PERF and TRF members outside the Consolidated Defined Benefit Assets.

³Account balances directed outside the Legislators' Consolidated Defined Benefit Assets option.

⁴Assets are invested in a Money Market Fund with Bank of New York Mellon.

⁵Includes State Employees' Death Benefit Fund and Public Safety Officers' Special Death Benefit Fund.

⁶Includes Securities Lending Collateral, Repurchase Agreements, Investments Receivable, Interest and Dividends Receivable, Investments Payable, Securities Lending Obligations, and Securities Sold Under Agreement to Repurchase.



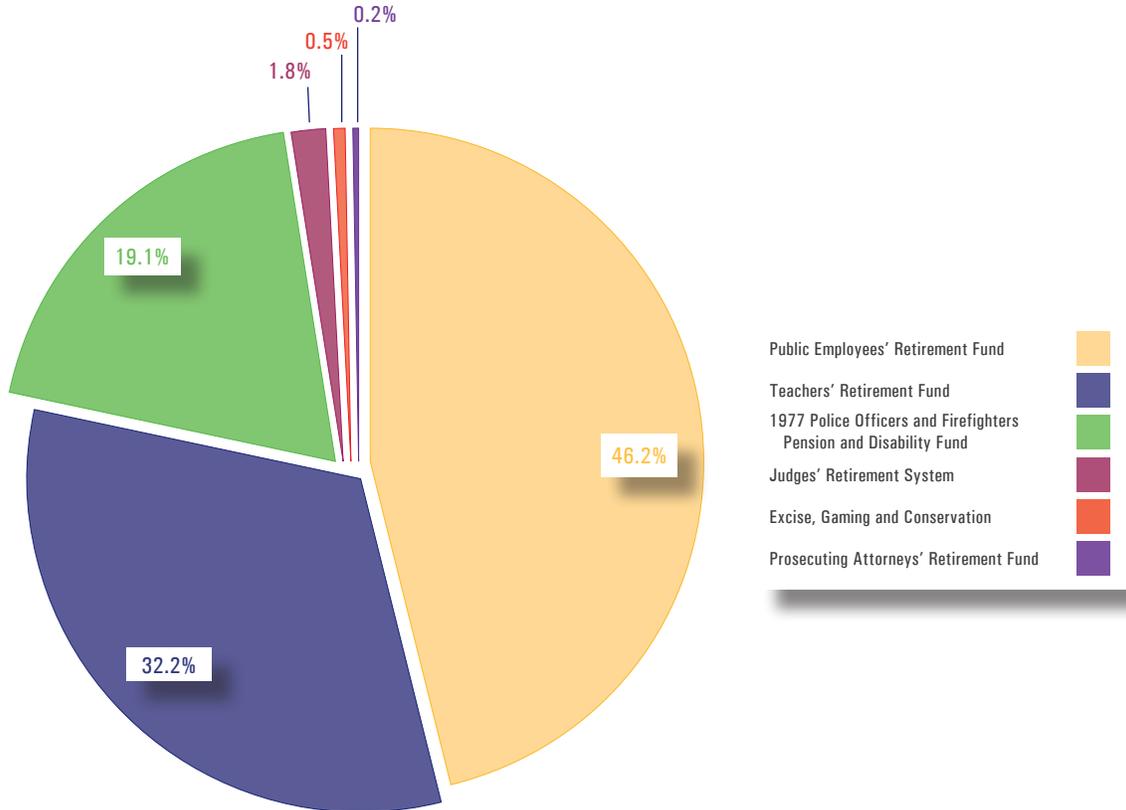
Investment Results Consolidated Defined Benefit Assets

Retirement Plans in Consolidated Defined Benefit Assets Fiscal Year Ended June 30, 2013

(dollars in millions)

| Retirement Plan | Amount | Percent |
|---|--------------------|---------------|
| Public Employees' Retirement Fund | \$ 9,918.5 | 46.2% |
| Teachers' Retirement Fund | 6,925.1 | 32.2 |
| 1977 Police Officers' and Firefighters' Pension and Disability Fund | 4,112.1 | 19.1 |
| Judges' Retirement System | 375.7 | 1.8 |
| State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan | 97.0 | 0.5 |
| Prosecuting Attorneys' Retirement Fund | 47.9 | 0.2 |
| Legislators' Retirement System – Defined Benefit Plan | 3.3 | – |
| Legislators' Retirement System – Defined Contribution Plan | 9.1 | – |
| Total Consolidated Defined Benefit Assets¹ | \$ 21,488.7 | 100.0% |

¹Includes Securities Lending Collateral, Repurchase Agreements, Investments Receivable, Interest and Dividends Receivable, Investments Payable, Securities Lending Obligations, and Securities Sold Under Agreement to Repurchase.



Investment Results, continued Consolidated Defined Benefit Assets

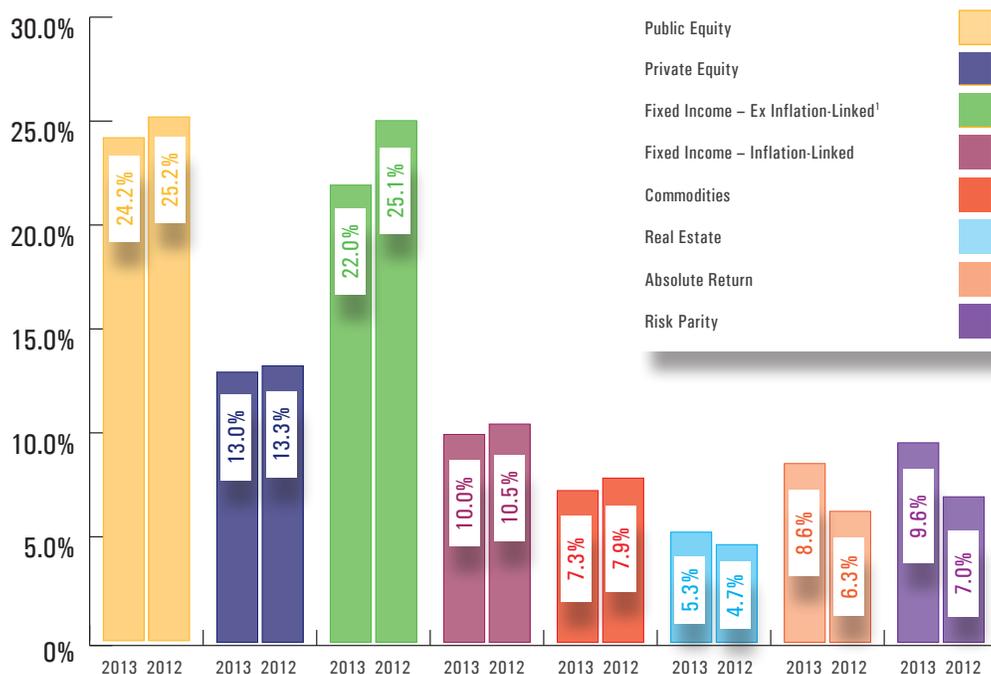
Asset Allocation Summary June 30, 2013 Actual vs. June 30, 2012 Actual

(dollars in millions)

| Asset Class | June 30, 2013 | | June 30, 2012 | |
|--|--------------------|---------------|--------------------|---------------|
| | Amount | Percent | Amount | Percent |
| Public Equity | \$ 5,205.9 | 24.2% | \$ 4,975.4 | 25.2% |
| Private Equity | 2,793.3 | 13.0 | 2,621.0 | 13.3 |
| Fixed Income – Ex Inflation-Linked ¹ | 4,735.2 | 22.0 | 4,943.8 | 25.1 |
| Fixed Income – Inflation-Linked | 2,144.4 | 10.0 | 2,078.7 | 10.5 |
| Commodities | 1,553.6 | 7.3 | 1,559.5 | 7.9 |
| Real Estate | 1,146.0 | 5.3 | 919.5 | 4.7 |
| Absolute Return | 1,848.2 | 8.6 | 1,241.0 | 6.3 |
| Risk Parity | 2,062.1 | 9.6 | 1,370.0 | 7.0 |
| Total Consolidated Defined Benefit Assets² | \$ 21,488.7 | 100.0% | \$ 19,708.9 | 100.0% |

¹Includes Cash

²Amounts disclosed above will agree to the Pooled Unit Trust Investments in the Financial Section, Note 3(H) Summary of Significant Accounting Policies. The amounts disclosed above are shown by investment strategy and will differ from the Statement of Net Position and Investment Type summary in the Financial Section, Note 3(F) Summary of Significant Accounting Policies, due to the investment strategy disclosure being related to a systematic plan to achieve returns and diversification and the investment type disclosure being related to the legal structure of the investment. The amounts disclosed include Securities Lending Collateral, Repurchase Agreements, Investments Receivable, Interest and Dividends Receivable, Investments Payable, Securities Lending Obligations, and Securities Sold Under Agreement to Repurchase.

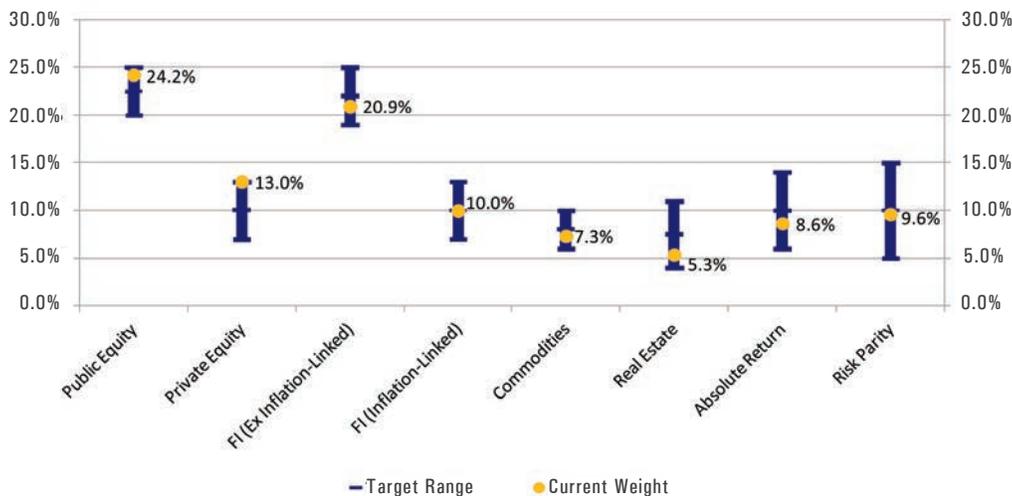


Investment Results, continued Consolidated Defined Benefit Assets

Asset Allocation Summary June 30, 2013 Actual vs. Target

| Asset Class | June 30, 2013 Actual | Target | Allowable Range for Investments |
|--|----------------------|---------------|---------------------------------|
| Public Equity | 24.2% | 22.5% | 20.0 to 25.0% |
| Private Equity | 13.0 | 10.0 | 7.0 to 13.0 |
| Fixed Income – Ex Inflation-Linked ¹ | 22.0 | 22.0 | 19.0 to 25.0 |
| Fixed Income – Inflation-Linked | 10.0 | 10.0 | 7.0 to 13.0 |
| Commodities | 7.3 | 8.0 | 6.0 to 10.0 |
| Real Estate | 5.3 | 7.5 | 4.0 to 11.0 |
| Absolute Return | 8.6 | 10.0 | 6.0 to 14.0 |
| Risk Parity | 9.6 | 10.0 | 5.0 to 15.0 |
| Total Consolidated Defined Benefit Assets | 100.0% | 100.0% | |

¹Includes Cash



NOTE: FI (Ex Inflation-Linked) is shown exclusive of cash and cash equivalents.

Investment Results, continued
Consolidated Defined Benefit Assets

Annualized Rate of Return by Asset Class vs. Benchmark Returns Fiscal Year Ended June 30, 2013 (percent return)¹

| Asset Class | 1-Year ² | | Actual Over / (Under) Benchmark (Pct. Points) | Benchmark |
|--|---------------------|------------------|---|---|
| | Actual Return | Benchmark Return | | |
| Public Equity | 18.2 % | 17.1 % | 1.1 | MSCI All Country World IMI Index (MSCI ACWI) |
| Private Equity | 11.7 | 24.5 | (12.8) | Russell 3000 Index Plus 300 Basis Points |
| Fixed Income - Ex Inflation-Linked | 0.5 | 1.7 | (1.2) | Barclays Capital Global Aggregate Index |
| Fixed Income - Inflation-Linked | (3.6) | (3.4) | (0.2) | Barclays Capital Global Inflation-Linked Bond Index |
| Commodities | (4.4) | (3.0) | (1.4) | Custom Benchmark ³ |
| Real Estate | 13.8 | 9.7 | 4.1 | NCREIF Open End Diversified Core Equity Index |
| Absolute Return | 6.9 | 7.2 | (0.3) | HFRI Fund of Funds Composite Index |
| Risk Parity | (0.4) | 10.7 | (11.1) | Custom Benchmark ⁴ |
| Total Consolidated Defined Benefit Assets | 6.0 % | 7.3 % | (1.3) | Custom Benchmark |

¹Net of fees.

²Based on calculations made by the System's custodian, Bank of New York Mellon. Time-weighted rates of return have been reported for fiscal year 2013.

³50% Dow Jones UBS Commodity Index / 50% Goldman Sachs Commodity Index.

⁴60% MSCI ACWI IMI Index (Equities) / 40% Barclays Global Aggregate Bond Index (Bonds).

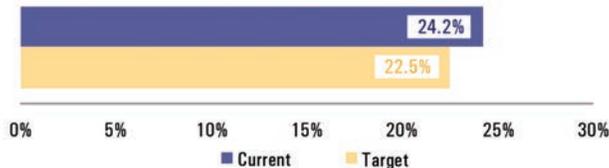
Asset Class Summary: Public Equity

| Market Value as of 06/30/2013 | INPRS 1-Year Net Performance | MSCI All Country World IMI Index 1-Year Performance |
|----------------------------------|---------------------------------|--|
| \$5,205.9 Million | 18.2% | 17.1% |

Portfolio Objective

The Public Equity portfolio seeks to provide long-term capital appreciation and income through exposure to public equity securities. INPRS uses a variety of external managers to create a globally-diversified portfolio within the asset class. Historically, public equities have performed well in environments when actual economic growth came in higher than expectations and/or when actual inflation came in lower than expectations.

INPRS Allocation



Performance Attribution

INPRS one-year outperformance, relative to its benchmark, was primarily driven by: (1) The overweight to domestic equities versus developed international and emerging markets equities; and (2) The outperformance of the active international equity portfolio managers as compared to the benchmark.

Market Overview

Over the past year, global equities, as represented by the MSCI ACWI Index, were up 17.1 percent. Equity markets had a great twelve-month period as a result of the liquidity supplied by central banks around the world and improved economic fundamentals in the U.S. Based on the Russell 3000 Index, domestic equities were up 21.5 percent over the fiscal year. International equities were up 13.9 percent based on the MSCI ACWI ex US IMI Index.

For the first quarter of the fiscal year, global equities were up 7.0 percent. The significant provision of liquidity by central banks around the world was supportive to growth; providing a more bullish development for global equities. International equities outperformed domestic equities during the first quarter of the fiscal year.

In the second quarter, global equities were up 3.1 percent. The global rally was supported by the ECB's announcement that ECB would do "whatever it takes to preserve the Euro." Supportive underlining company fundamentals and stabilizing trends in China's economy further buoyed equity markets around the world. International equities outperformed domestic equities again during the second quarter of the fiscal year.

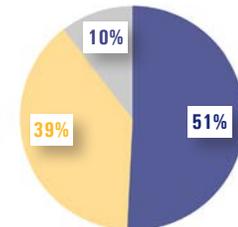
In the third quarter, global equities were up 6.8 percent. Excess liquidity started shifting out of cash into equities, pushing equity prices even higher. Domestic equities outperformed international equities during the third quarter, reversing the trend of the previous two quarters.

In the fourth quarter, global equities were up a modest 0.3 percent. The gains experienced in April and May were almost wiped out in June after Federal Reserve Chairman, Ben Bernanke, suggested it might be time to consider winding down the quantitative easing program. Meanwhile, the economic growth outlook for China also put negative pressure on global equity markets. Domestic equities outperformed international equities again in the fourth quarter.

Portfolio Structure

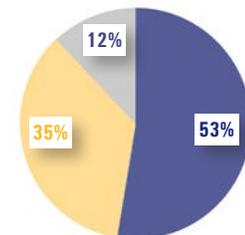
REGIONAL EXPOSURE

- Domestic (U.S.)
- Developed International
- Emerging Markets



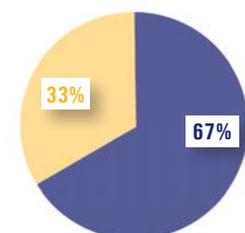
MARKET CAP EXPOSURE

- Large Cap
- Mid Cap
- Small/Micro Cap



INVESTMENT STRATEGY

- Active
- Passive



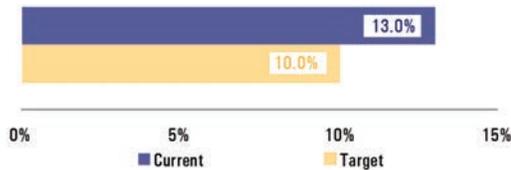
Asset Class Summary: Private Equity

| Market Value as of 06/30/2013 | INPRS 1-Year Net Performance | Custom Benchmark ¹ 1-Year Performance |
|-------------------------------|------------------------------|--|
| \$2,793.3 Million | 11.7% | 24.5% |

Portfolio Objective

The Private Equity portfolio seeks to provide risk-adjusted returns in excess of the public equity markets while simultaneously decreasing the volatility of the investment portfolio through diversification. The Private Equity portfolio is invested in the following sub-asset classes: venture and growth capital, buyout, energy, and debt-related strategies.

INPRS Allocation



Performance Attribution

Not surprisingly, given the performance of the public equity markets, the Private Equity portfolio had strong returns from its buyout funds. Performance in the Private Equity portfolio was led by domestic middle market buyout funds, which have produced a 20.5 percent net internal rate of return since inception. Similarly, domestic large buyout funds performed well returning 15.5 percent inception to date. Also bolstered by the public equity markets and the corresponding strong IPO market, late stage venture capital investments have returned 18.5 percent since inception. In addition to the strong performance in buyouts and late stage venture capital, the Private Equity portfolio's energy funds have returned 17.3 percent since inception.

The strong public equity markets coupled with borrower favorable credit markets resulted in a supportive exit environment for private equity. INPRS benefitted from this, receiving positive net cash flows of \$133.5 million from the private equity portfolio. Distributions during the fiscal year totaled \$600.3 million and contributions totaled \$466.8 million.

Portfolio Overview

The Private Equity portfolio returned 11.7 percent for the fiscal year. Although an 11.7 percent return did not keep pace with the Russell 3000 index given the extreme upside performance of public equity markets, the private equity return was accretive to the overall INPRS portfolio long-term rate of return assumption of 6.75 percent by approximately 5.0 percentage points. It is also worthwhile to note that the Private Equity portfolio is diversified across venture and growth capital, buyouts, credit related strategies, and energy investments and as such will not generally track the Russell 3000 with consistency.

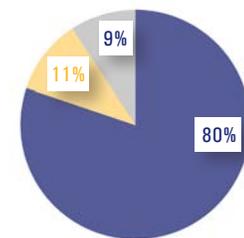
In fiscal year 2013, INPRS invested capital with six existing managers, totaling \$340 million of new commitments. Commitments ranged in size from \$40 million to \$90 million and were made to managers primarily in the buyout and energy sub-asset classes.

¹Custom Benchmark is the Russell 3000 Index plus 300 basis points.

Portfolio Structure

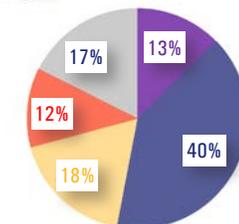
INVESTMENT BY REGION

■ U.S. ■ Europe ■ Rest of the World



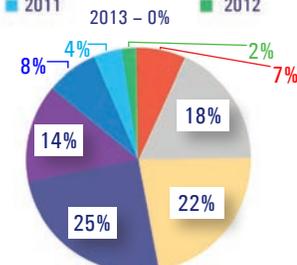
INVESTMENT BY SUB-ASSET CLASS

■ Venture/Growth ■ Buyout
■ Debt ■ Energy
■ Other



INVESTMENT BY VINTAGE YEAR

■ Pre-2006 ■ 2006
■ 2007 ■ 2008
■ 2009 ■ 2010
■ 2011 ■ 2012



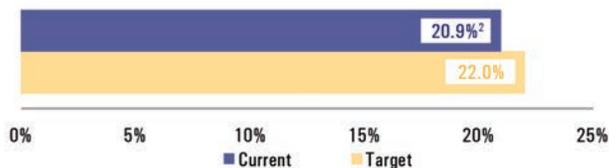
Asset Class Summary: Fixed Income – Ex Inflation-Linked

| Market Value as of 6/30/2013 ¹ | INPRS 1-Year Net Performance | Barclays Capital Global Aggregate Index 1-Year Performance |
|---|------------------------------|--|
| \$4,735.2 Million | 0.5% | 1.7% |

Portfolio Objective

The Fixed Income portfolio seeks to generate current income and long-term risk-adjusted return in excess of the Barclays Capital Global Aggregate Index (“Benchmark”) through investment in debt securities. A focus is placed on preservation of capital. To minimize the probability of substantial principal loss over the investment horizon, the objective is to reduce portfolio volatility prior to enhancing portfolio returns.

INPRS Allocation



Portfolio Overview

| | INPRS | Benchmark |
|--------------------|--------|-----------|
| Duration to worst: | 10.03 | 6.05 |
| Yield to worst: | 3.49% | 2.03% |
| Credit quality: | A / A2 | AA- / Aa2 |

Performance Attribution

For fiscal year 2013, the Fixed Income portfolio returned 0.5 percent, underperforming the benchmark by (1.2) percentage points. The portfolio’s overweight to longer duration government and credit sectors were the main factors impacting performance.

Market Overview

Fiscal year 2013 was a year of transition. Market sentiment shifted from one of caution in the first half to one of optimism in the second half. Negative sentiment was primarily driven by concerns over the European debt crisis, global economic slowdown, U.S. ‘fiscal cliff’ and presidential election, and instability in the Middle East. Responses by global central banks on rate and stimulus, improving global economic data (e.g., corporate earnings), and commitment by policymakers to collaborate provided near-term stability.

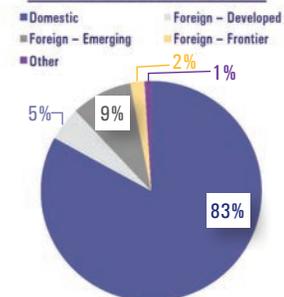
For the first quarter, weak global economic data, and concern over unity of European Union unsettled markets early. Rate cuts by central banks in China and European Union, an increase of £50 billion in the Bank of England’s stimulus program, and an open-ended mortgage purchase program of \$40 billion per month, engineered by Federal Reserve, sparked a rally across risk assets late in the first quarter. INPRS Fixed Income portfolio returned 3.2 percent for the quarter; with the portfolio’s overweight to corporate, ABS, and MBS sectors as the main contributors.

For the second quarter, domestic elections, a looming ‘fiscal cliff’, and concern over peripheral European countries dominated headlines early. The re-election of President Obama provided near-term resolution of the ‘fiscal cliff’. The execution of a debt exchange program in Europe provided stability later in the quarter. INPRS Fixed Income portfolio returned 1.4 percent for the quarter; the portfolio’s overweight to the corporate sector was the main contributor.

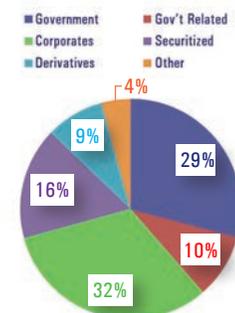
For the third quarter, soft international economic data affirmed accommodative monetary policy at international central banks. Domestic economic conditions exhibited signs of recovery, despite some impact of sequestration and discussion by the Federal Reserve to reduce stimulus. INPRS Fixed Income portfolio returned 0.5 percent for the quarter; the portfolio’s yield curve positioning was the main detractor.

For the fourth quarter, major market movements were tied to monetary policy of global central banks, especially the Federal Reserve and Bank of Japan. Domestic economic conditions continued to exhibit signs of recovery while discussion on a potential reduction of stimulus at Federal Reserve continued. INPRS Fixed Income portfolio declined (4.4) percent for the quarter; portfolio’s overweight to long duration government and credit sectors were the main detractors.

REGIONAL EXPOSURE



SECTOR EXPOSURE



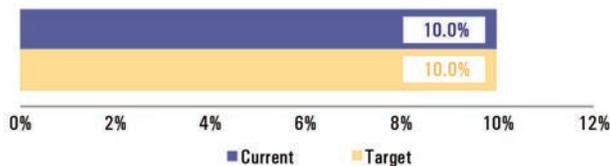
Asset Class Summary: Fixed Income – Inflation-Linked

| Market Value as of 6/30/2013 | INPRS 1-Year Net Performance | Barclays Capital Global Inflation-Linked Bond Index 1-Year Performance |
|---------------------------------|---------------------------------|--|
| \$2,144.4 Million | (3.6)% | (3.4)% |

Portfolio Objective

The Global Inflation-Linked Bonds (“ILBs”) portfolio seeks to generate long-term risk-adjusted return in excess of the Barclays Capital Global Inflation-Linked Bond Index (“Benchmark”) through investment in inflation-linked securities, and to provide protection against unanticipated inflation.

INPRS Allocation



Portfolio Overview

| | INPRS | Benchmark |
|--------------------|-----------|-----------|
| Duration to worst: | 9.41 | 8.67 |
| Yield to worst: | 2.12% | 2.03% |
| Credit quality: | AA + /Aaa | AA + /Aaa |

Performance Attribution

INPRS one-year underperformance of (0.2) percentage points relative to its benchmark was the result of the portfolio’s overweight to U.S. Treasury Inflation Protected Securities (“TIPS”).

Market Overview

Fiscal year 2013 was a year of transition. Market sentiment shifted from one of caution in the first half to one of optimism in the second half. Negative sentiment was primarily driven by concerns over European debt crisis, global economic slowdown, U.S. ‘fiscal cliff’ and presidential election, and instability in the Middle East. Responses from global central banks on rate and stimulus, improving global economic data and corporate earnings, and commitment by policymakers to collaborate provided near-term stability.

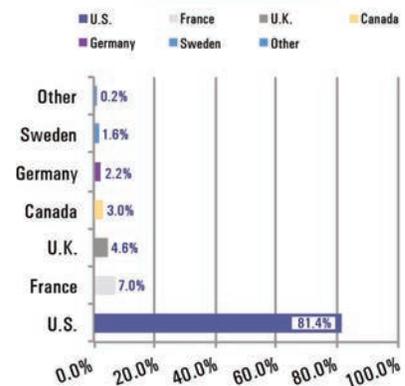
For the first quarter, weak global economic data, and concern over unity of European Union unsettled markets early. Rate cuts and accommodative monetary policy by global central banks sparked rally across risk assets later in the quarter. Longer term inflationary concern caused the U.S. breakeven level to widen. The INPRS ILBs portfolio returned 2.4 percent for the quarter; the portfolio’s overweight to TIPS was the main contributor.

For the second quarter, domestic elections, the looming ‘fiscal cliff,’ and concern over peripheral European countries dominated headlines early. The re-election of President Obama provided near-term resolution of the ‘fiscal cliff,’ and dovish monetary policy by global central banks provided stability later in the quarter. Longer term inflationary concern continued to cause the U.S. breakeven level to widen. INPRS ILBs portfolio returned 1.0 percent for the quarter; the portfolio’s overweight to TIPS was the main contributor.

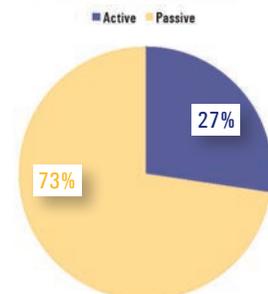
For the third quarter, soft international economic data affirmed accommodative monetary policy at international central banks. Domestic economic conditions exhibited signs of recovery, despite some impact of sequestration and discussion by the Federal Reserve to reduce stimulus. The breakeven level widened the most in the U.K. as compared to other countries. INPRS ILBs portfolio declined (0.2) percent for the quarter; with portfolio’s underweight to ex-U.S. inflation-linked bonds as the main detractor.

For the fourth quarter, major market movements were tied to monetary policy of global central banks, especially the Federal Reserve and Bank of Japan. Domestic economic conditions continued to exhibit signs of recovery while discussion of a potential reduction of stimulus at Federal Reserve continued. The U.S. breakeven level narrowed sharply due to hawkish comments by the Federal Reserve. INPRS ILBs portfolio declined (6.6) percent for the quarter; the portfolio’s overweight to TIPS was the main detractor.

COUNTRY EXPOSURE



MANAGEMENT STYLE



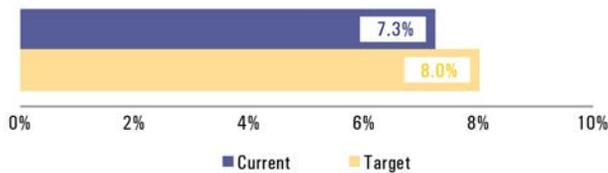
Asset Class Summary: Commodities

| Market Value as of 6/30/2013 | INPRS 1-Year Net Performance | Custom Benchmark ¹ 1-Year Performance |
|---------------------------------|---------------------------------|---|
| \$1,553.6 Million | (4.4)% | (3.0)% |

Portfolio Objective

The purpose of the Commodities portfolio is to enhance long-term risk-adjusted returns by preserving investment capital and lowering overall volatility. The portfolio should also act as a hedge against unanticipated inflation. Commodity investments have historically delivered returns that are less correlated with equity and fixed income markets which may provide an opportunity to enhance returns and/or reduce volatility.

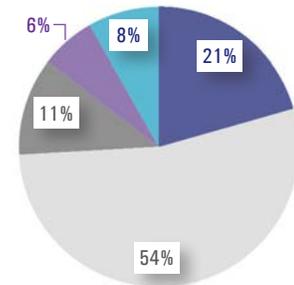
INPRS Allocation



Portfolio Structure

SECTOR WEIGHTS²

- Agriculture
- Energy
- Industrial Metals
- Livestock
- Precious Metals



Performance Attribution

The Commodities portfolio one-year total return trailed its benchmark by (1.4) percentage points. Commodities' total return is comprised of two components: (1) commodity futures return; and (2) collateral return. The one-year return for each of these components was approximately (2.9) percent and (1.5) percent, respectively.

Market Overview

The Commodities portfolio exposure is approximately equal to a 50/50 blend of the Dow Jones UBS Commodity Index and the S&P Goldman Sachs Commodity Index. For the fiscal year, these indexes returned (8.0) percent and 2.0 percent, respectively.

For the first quarter, commodity prices moved sharply higher, erasing losses experienced over the first half of the calendar year. Both agricultural markets and natural gas experienced sharp weather-related gains in July and August. The Federal Reserve's announcement of a third round of quantitative easing contributed to strong buying in both precious metals and industrial metals, and heightened expectations for global stimulus helped WTI crude oil gain approximately 8.5 percent over the quarter.

For the second quarter, steady declines in most of the major commodity indices were seen, with agricultural commodities retracing their first quarter weather-related gains. Despite the commitment by the Federal Reserve to keep rates low for an extended period, gold, silver and copper all fell considerably during the quarter.

For the third quarter, commodity indices continued to experience dampened volatility throughout the quarter, as most major indices delivered flat returns over the period. At the individual commodity level, WTI crude oil advanced 6.0 percent, as the completion of the Seaway pipeline expansion allowed oil to flow from Cushing, OK to refineries along the Gulf of Mexico. Natural Gas prices moved sideways in January and February before a strong rally in March. Finally, industrial metals suffered sharp declines during the second half of the quarter due largely to over supply, disappointing economic data in the U.S. and continued uncertainty in Europe.

Commodity prices fell broadly in the fourth quarter with only a small number of index components recording gains. Prices fell sharply following comments by the Federal Reserve regarding a potential tapering of the asset purchasing program. Precious metal prices led the declines falling to multi-year lows. WTI Crude Oil prices were largely unchanged for the quarter, while Brent Crude Oil lost over (7.0) percent. In agricultural commodities, corn prices moved lower due to record plantings, while soybeans prices gained on late planting concerns.

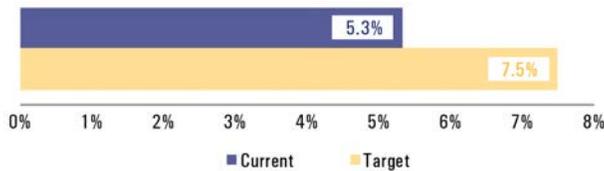
Asset Class Summary: Real Estate

| Market Value as of 6/30/2013 | INPRS 1-Year Net Performance | NCREIF Open End Diversified Core Equity Index 1-Year Performance |
|------------------------------|------------------------------|--|
| \$1,146.0 Million | 13.8% | 9.7% |

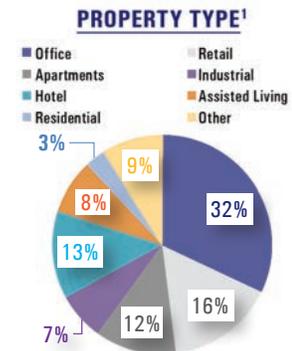
Portfolio Objective

The Real Estate portfolio is mostly comprised of investments in private real estate partnerships, and the underlying exposures are a mix of debt and equity holdings. The portfolio seeks to generate attractive risk-adjusted returns by providing stable current income and preserving investment capital. The portfolio should also reduce volatility by providing a hedge against unanticipated inflation and through the diversification benefits provided by real estate investments.

INPRS Allocation



Portfolio Structure



Performance Attribution

For fiscal year 2013, the Real Estate portfolio outperformed its benchmark by 4.1 percentage points. Both the real estate debt and equity portfolios contributed to the outperformance, returning 14.9 percent and 13.0 percent, respectively.

Market Overview

With a return of 13.8 percent, the INPRS private equity real estate portfolio was one of the best-performing major asset classes during the fiscal year, trailing only the global public equity portfolio. Returns for the two major private real estate equity benchmarks, NCREIF Property Index (NPI) and NFI-ODCE, were 10.5 percent and 9.7 percent, respectively, for the one-year period.

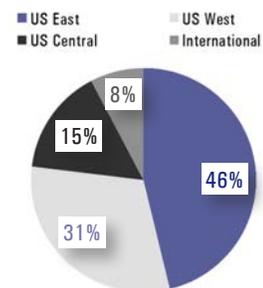
For the first quarter, the NPI returned 2.3 percent. This was (0.3) percent lower than the return for the prior quarter, with lower appreciation accounting for (0.3) percent of the weaker performance. Apartments, with a total return of 2.4 percent, was the best performing property type in the index; followed by office and industrial, both of which returned 2.3 percent for the quarter.

For the second quarter, interest rates remained low. The 10-year Treasury finished the calendar year with a yield of 1.8 percent. Although transactional capitalization rates (cap rates) from NCREIF moved up in the fourth quarter, they remained near historically low levels. Retail was the best performing sector during the quarter, returning 3.0 percent; followed by apartments, which registered a total return of 2.8 percent.

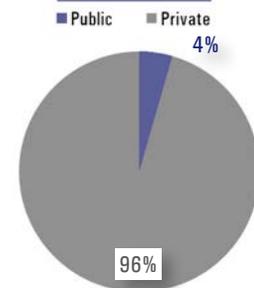
For the third quarter the NPI returned 2.6 percent. Retail was the best performing sector, up 3.7 percent. Apartments and Industrial also outperformed the broad index, returning 2.6 percent and 2.5 percent, respectively. Highly-quality assets in gateway cities continued to be in strong demand during the quarter.

For the fourth quarter, index performance was up 2.9 percent. Retail and industrial were the top-performing sectors, with both sectors up 3.2 percent. Interest rates moved up during the quarter following comments from the Federal Reserve regarding a potential tapering of the asset purchasing program. As a result of the increase in interest rates, the cap rate spread over the 10-year Treasury narrowed during the quarter, moving closer to the average historical spread.

PROPERTY LOCATION



MARKET TYPE



¹Estimated

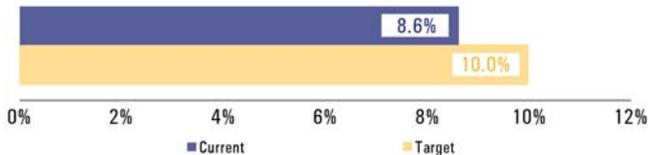
Asset Class Summary: Absolute Return

| Market Value as of 6/30/2013 | INPRS 1-Year Net Performance | HFRI Fund of Funds Composite Index 1-Year Performance |
|---------------------------------|---------------------------------|---|
| \$1,848.2 Million | 6.9% | 7.2% |

Portfolio Objective

The purpose of the Absolute Return Strategies Program is to enhance the long-term risk-adjusted returns by providing diversification benefits, preserving capital, and reducing volatility. Absolute Return Strategies generate returns by exploiting mispricing and inefficiencies in global capital markets, while attempting to reduce exposures to primary market factors (e.g., interest rates and equities) through various hedging techniques. These strategies have historically delivered returns that are less correlated with equity and fixed-income markets than traditional investment strategies. It is important to maintain an appropriate level of diversification among investment strategies in order to most effectively meet these stated objectives. At the end of the fiscal year, the Absolute Return portfolio consisted of 17 managers pursuing various investment strategies including long/short equity, event driven, relative value, and tactical trading.

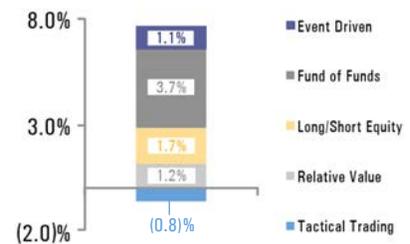
INPRS Allocation



Performance Attribution

The Absolute Return portfolio underperformed the benchmark HFRI Fund of Funds Composite Index by (0.3) percentage points due to the portfolio's: (1) overweight vs. the benchmark to tactical trading managers, whose lack of equity beta led to underperformance; and (2) short- and medium-term Commodity Trading Advisors (CTA's).

Contribution to Performance by Strategy



Market Overview

The Absolute Return portfolio performed well in what was a risk-on environment catalyzed and supported by the accommodative monetary policy being deployed by global central banks.

For the first quarter, reiteration of the "Draghi put" and the announcement of QE3 were the drivers of performance, which ended with an across-the-board rally in risk assets and positive performance across hedge fund categories.

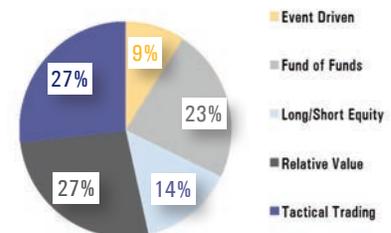
For the second quarter, uncertainty surrounding the U.S. Presidential election and debt ceiling negotiations pushed the U.S. Dollar higher, which served as a headwind to domestic equities; however, credit spreads continued to compress and international equities rallied. Most hedge fund strategies performed well, but macro strategies generally suffered during the quarter from a range-bound trading environment that plagued them throughout the calendar year.

For the third quarter, risk assets continued to rally due to congressional compromises on the 'fiscal cliff' and sequestration followed by swift action to quell the Cypriot banking crisis. Domestic and international equities began to diverge in early February as positive domestic economic/housing data defied deteriorating international data, which led the U.S. Dollar to rally against developed and emerging currencies. Hedge funds performed well as higher concentrations in domestic assets and fundamental analysis were rewarded. Macro fund winners were short JPY/USD, AUD/USD, US Treasuries, and/or Gold.

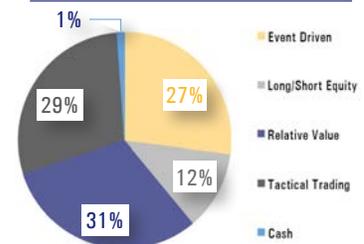
For the fourth quarter, hawkish comments by Japanese and U.S. central bankers resulted in a volatile quarter – only domestic equities and the U.S. Dollar gained. All strategies suffered, delivering mostly flat returns for the quarter, but macro and CTA strategies were especially hurt by moves in international currencies and equities and U.S. rates.

Portfolio Composition

FUND OF FUNDS – AGGREGATED



FUND OF FUNDS – LOOK-THROUGH



Investment Results, continued Consolidated Defined Benefit Assets

Asset Class Summary: Risk Parity

| Market Value as of 6/30/2013 | INPRS 1-Year Net Performance | Custom Benchmark ¹ 1-Year Performance |
|---------------------------------|---------------------------------|---|
| \$2,062.1 Million | (0.4)% | 10.7% |

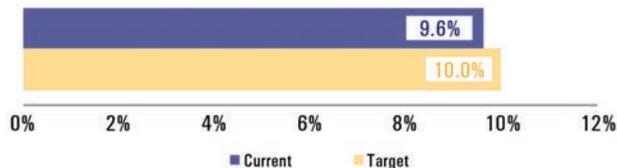
Portfolio Objective

The Risk Parity portfolio seeks to create risk balance that is capable of delivering consistent and high risk adjusted returns in several macro-economic environments. Unlike a traditional asset allocation that is highly dependent on positive equity returns, the Risk Parity portfolio is constructed to accrue various asset class risk premiums, including equity, without long-term dominance from any single asset class. As a result, the underperformance of a given asset class in a particular environment is expected to be offset by the outperformance of another asset with an opposing sensitivity to the environment.

The Risk Parity portfolio rests on the following key tenets:

1. Over a full market cycle, most asset classes carry a risk premium, and by investing in them, investors expect to earn a return higher than that offered by cash instruments.
2. The return of a particular asset class is proportional to its risk over long periods of time (i.e., different asset classes have similar Sharpe ratios).
3. True diversification goes beyond simple capital allocation and, instead, focuses on risk allocation.
4. The main drivers of returns are growth and inflation factors, and certain asset classes perform better than others depending on the particular combination of such factors the economy is facing.

INPRS Allocation



Performance Attribution

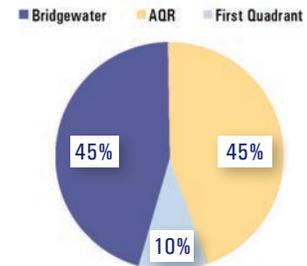
A relevant passive market equivalent does not currently exist for the Risk Parity portfolio; therefore, we continue to use a traditional portfolio of 60 percent global equities and 40 percent global bonds as a benchmark for long-term return and risk comparisons, despite expectations of significant tracking error. For fiscal year 2013, the Risk Parity portfolio underperformed the traditional portfolio by (11.1) percentage points due to the significant outperformance of equities versus other major asset classes.

Market Overview

Fiscal year 2013 was a tale of two distinct environments. Driven by ample central bank liquidity across the globe, the first ten months of the fiscal year provided support and positive returns for each of the major asset classes. Over this time period, the Risk Parity portfolio returned 11.3 percent. However, following public statements by Federal Reserve Chairman Ben Bernanke on May 22nd and June 19th, markets had difficulty digesting the possibility that the Federal Reserve may begin to decelerate asset purchases sooner than expected. As a result, all major asset classes had negative returns from May 22nd through the end of the fiscal year, with cash serving as the only safe haven. The Risk Parity portfolio, which consistently holds a diversified mix of asset classes, finished the fiscal year with a (0.4) percent return.

Portfolio Structure

MANAGER ALLOCATION



TARGET RISK ALLOCATION

Exposure to asset classes that perform well in the following economic environments



¹Custom Benchmark comprised of 60% MSCI ACWI IMI Index (equities) and 40% Barclays Global Aggregate Bond Index (bonds).

Investment Results, continued Consolidated Defined Benefit Assets

Historical Comparative Investment Results¹ Fiscal Year Ended June 30, 2013 (percent return)²

| | Percent of Portfolio | Annualized Rates of Return | | |
|--|----------------------|----------------------------|---------------------|---------------------|
| | | 1-Year ³ | 3-Year ³ | 5-Year ³ |
| Total Consolidated Defined Benefit Assets | 100.0% | 6.0 % | 8.4 % | 3.0 % |
| vs. BNY Mellon Public Universe Median ⁴ | | 12.4 | 11.6 | 5.2 |
| Target Reference Index ⁵ | | 7.3 | 8.6 | 3.0 |
| | | | | |
| Total Domestic Equity | 12.6 | 21.1 | 18.5 | 7.5 |
| vs. BNY Mellon Public Universe Median | | 21.6 | 18.8 | 7.1 |
| Russell 3000 Index | | 21.5 | 18.6 | 7.3 |
| | | | | |
| Total International Equity | 11.6 | 15.1 | 8.8 | (0.3) |
| vs. BNY Mellon Public Universe Median | | 16.3 | 9.7 | 0.1 |
| MSCI ACWI ex U.S. IMI Net | | 13.9 | 8.1 | (0.4) |
| | | | | |
| Total Domestic Fixed Income | 18.8 | 1.2 | 4.9 | 6.4 |
| vs. BNY Mellon Public Universe Median | | 1.0 | 4.9 | 6.1 |
| Barclays U.S. Aggregate Bond Index | | (0.7) | 3.5 | 5.2 |
| | | | | |
| Total International Fixed Income ⁶ | 2.1 | (12.4) | (1.2) | N/A |
| vs. BNY Mellon Public Universe Median | | 2.2 | 5.6 | 5.3 |
| Barclays Global Aggregate ex-USD (USDH) | | 3.3 | 3.4 | 4.8 |

¹As the investment objectives and resulting portfolio construction of INPRS may differ from those in the listed peer universes, the most relevant evaluation of INPRS' performance will be against the investment imperatives outlined in the report from the Chief Investment Officer and the cited benchmarks for each asset class.

²Net of fees.

³Investment performance is based on calculations made by the system's custodian, BNY Mellon. The 1-year, 3-year, and 5-year performance returns are time-weighted rates of return based on the market rates of return.

⁴Universe of Public Funds.

⁵Benchmark history through December 31, 2011, represents composite returns for the legacy PERF and TRF dynamic policies and have been combined using dynamic market weights each month and are reported under the single Total Consolidated Benefit Assets structure beginning January 1, 2012.

⁶Inception date of International Fixed Income was November 2008. As of June 30, 2013, the Total International Fixed Income portfolio primarily comprised of emerging market debt as the portfolio continued through a transitional phase.

Investment Results, continued Consolidated Defined Benefit Assets

Ten-Year Investment Rates of Return

(dollars in millions)

| Fiscal Year Ended June 30 | | Market Value of Assets | Rate of Return ¹ | Actuarial Assumed Rate |
|---------------------------|----------------------------|------------------------|-----------------------------|------------------------|
| 2004 | PERF CRIF ² | 11,338.2 | 16.3 % | 7.25 % |
| | TRF DB Assets ³ | 3,738.0 | 14.8 | 7.50 |
| 2005 | PERF CRIF | 12,435.3 | 9.8 | 7.25 |
| | TRF DB Assets | 4,041.0 | 9.1 | 7.50 |
| 2006 | PERF CRIF | 13,694.9 | 10.7 | 7.25 |
| | TRF DB Assets | 4,521.0 | 11.2 | 7.50 |
| 2007 | PERF CRIF | 16,114.3 | 18.2 | 7.25 |
| | TRF DB Assets | 5,501.0 | 17.9 | 7.50 |
| 2008 | PERF CRIF | 14,851.0 | (7.6) | 7.25 |
| | TRF DB Assets | 5,252.0 | (6.0) | 7.50 |
| 2009 | PERF CRIF | 11,795.1 | (20.6) | 7.25 |
| | TRF DB Assets | 4,236.0 | (18.0) | 7.50 |
| 2010 | PERF CRIF | 13,314.0 | 13.9 | 7.25 |
| | TRF DB Assets | 5,073.0 | 14.8 | 7.50 |
| 2011 | PERF CRIF | 15,796.6 | 20.1 | 7.00 |
| | TRF DB Assets | 5,984.0 | 18.2 | 7.00 |
| 2012 | INPRS ⁴ | 19,708.9 | 0.7 | 7.00 |
| 2013 | INPRS | 21,488.7 | 6.0 | 6.75 |

¹Net of fees; 2004-2011 reported as Gross of fees.

²Public Employees' Retirement Fund Consolidated Retirement Investment Fund

³Teachers' Retirement Fund Defined Benefit Assets.

⁴INPRS Consolidated Defined Benefit Assets.

Statistical Performance Fiscal Year Ended June 30, 2013

| Statistic | 1-Year | 3-Years | 5-Years | 10-Years |
|-------------------------------|--------|---------|---------|----------|
| Annualized Rate of Return | 6.0% | 8.4% | 3.0% | 5.9% |
| Annualized Standard Deviation | 4.34 | 7.11 | 11.71 | 9.84 |
| Annualized Sharpe Ratio | 1.34 | 1.16 | 0.29 | 0.47 |
| Beta | 0.41 | 0.48 | 0.60 | 0.63 |
| Annualized Alpha | (2.80) | (0.63) | (0.10) | (0.30) |
| Correlation | 0.60 | 0.91 | 0.94 | 0.93 |

*Market proxy is the S&P 500.
Risk Free proxy is the Citigroup 3-month Treasury Bill.*

Definition of Key Terms:

Standard Deviation: A statistic used to measure the dispersion in a distribution. Dispersion is measured relative to the mean, or average of the distribution. The greater the dispersion, the higher the risk associated with the pattern of observations. One standard deviation describes two-thirds of the observations in a normal, or bell-shaped distribution. In an asset allocation context, standard deviation is a conventional proxy for risk or volatility.

Sharpe Ratio: Ratio used to measure risk-adjusted performance. The Sharpe Ratio is calculated by subtracting a risk-free rate (proxy) from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. The Sharpe Ratio provides insight on excess risk held in the portfolio. The greater a portfolio's Sharpe Ratio, the better its risk-adjusted performance has been. A negative Sharpe Ratio indicates that a risk-less asset would perform better than the security being analyzed.

Beta: A measure of the volatility, or systematic risk, of a security or portfolio in comparison to the market as a whole. Beta is the tendency of a security's return to respond to swings in the market. A Beta of less than one (1) indicates less volatility than the market. A Beta of greater than one (1) indicates greater volatility than the market.

Alpha: A measure of performance on a risk-adjusted basis. Alpha is the difference between the actual performance of the fund and the performance which should have been achieved given the market's performance and the fund's risk posture.

Correlation: A statistical measure of how two (2) securities move in relation to each other. A correlation of 1.0 indicates similar magnitude and direction of change. A correlation of negative (1.0) indicates similar magnitude, but opposite direction. A correlation of zero indicates the relationship is purely random. Often, the correlation is squared and known as R-squared or the Coefficient of the Correlation.

Investment Results

Annuity Savings Accounts and Legislators' Defined Contribution Plan

Assets by Investment Option Fiscal Year Ended June 30, 2013

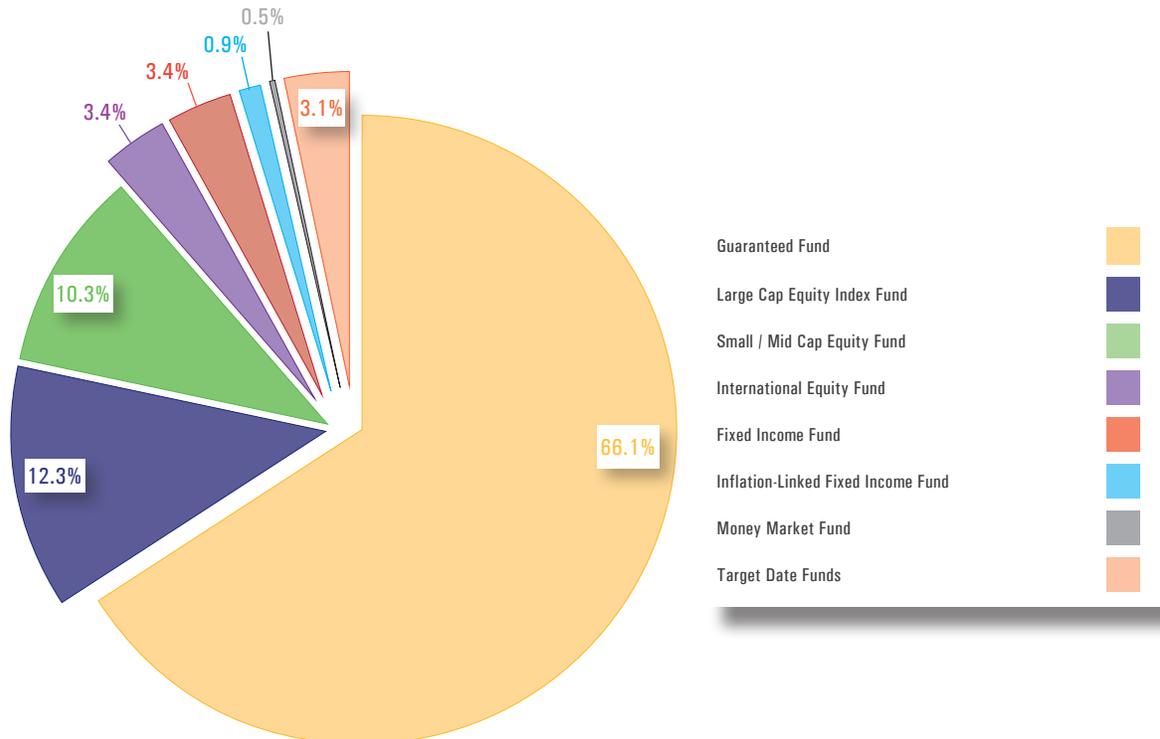
(dollars in millions)

| Investment Option | ASA & LEDC Plan Assets ¹ | Percent of Self-Directed Investments |
|---|-------------------------------------|--------------------------------------|
| Guaranteed Fund | \$ 3,701.0 | 66.1% |
| Large Cap Equity Index Fund | 688.5 | 12.3 |
| Small / Mid Cap Equity Fund | 577.4 | 10.3 |
| International Equity Fund | 191.2 | 3.4 |
| Fixed Income Fund | 189.3 | 3.4 |
| Inflation-Linked Fixed Income Fund | 50.6 | 0.9 |
| Money Market Fund | 24.8 | 0.5 |
| Stable Value Fund | 1.1 | – |
| Target Date Funds ² | 174.2 | 3.1 |
| Pending Contributions | 0.4 | – |
| Total ASA and LEDC Plan Assets³ | \$ 5,598.5 | 100.0% |

¹Assets include all PERF and TRF ASA assets and the LEDC Plan account balances allocated outside of the Consolidated Defined Benefit Assets option.

²Consolidated market values of all Target Date Funds.

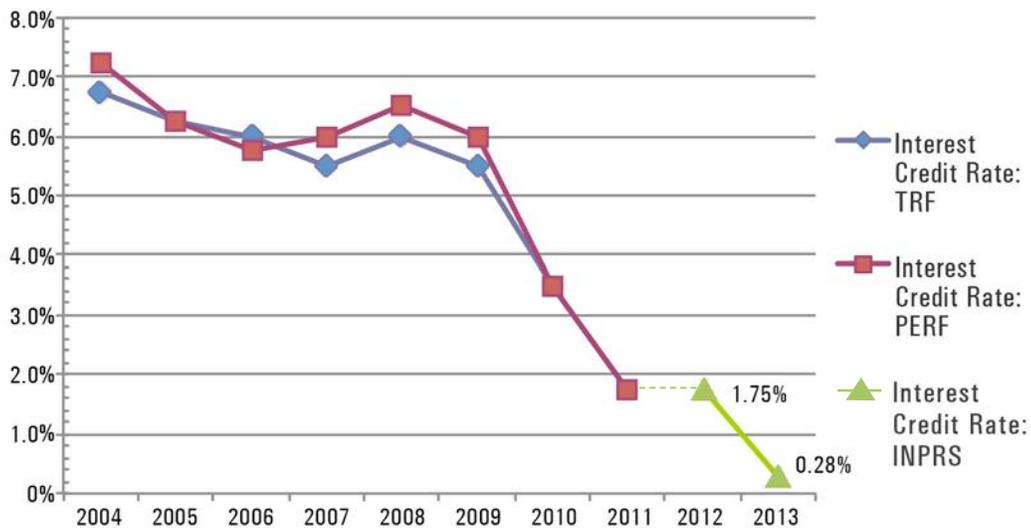
³Includes Repurchase Agreements, Investments Receivable, Interest and Dividends Receivable, Investments Payable, and Securities Sold Under Agreement to Repurchase.



Annuity Savings Accounts Ten-Year Guaranteed Fund Interest Crediting Rates

| Fiscal Year | Interest Crediting Rate | | |
|-------------------|-------------------------|-------|-------|
| | INPRS | PERF | TRF |
| 2004 | N/A | 7.25% | 6.75% |
| 2005 | N/A | 6.25 | 6.25 |
| 2006 | N/A | 5.75 | 6.00 |
| 2007 | N/A | 6.00 | 5.50 |
| 2008 | N/A | 6.50 | 6.00 |
| 2009 | N/A | 6.00 | 5.50 |
| 2010 | N/A | 3.50 | 3.50 |
| 2011 | N/A | 1.75 | 1.75 |
| 2012 ¹ | 1.75% | N/A | N/A |
| 2013 | 0.28 | N/A | N/A |

¹Guaranteed Fund assets of PERF and TRF were unitized as of January 1, 2012.



Investment Results, continued

Annuity Savings Accounts and Legislators' Defined Contribution Plan

Historical Annualized Rate of Return by Investment Option vs. Benchmark Returns Fiscal Year Ended June 30, 2013 (percent return)¹

| Investment Option | 1-Year ² | 3-Year ² | 5-Year ² |
|---|---------------------|---------------------|---------------------|
| Guaranteed Fund | 0.28 % | 1.3 % | 2.7 % |
| Large Cap Equity Index Fund | 20.6 | 18.5 | 6.9 |
| <i>S&P 500 Index</i> | 20.6 | 18.5 | 7.0 |
| Small / Mid Cap Equity Fund | 25.0 | 19.3 | 9.1 |
| <i>Russell Small Cap Completeness Index</i> | 25.6 | 19.2 | 8.6 |
| International Equity Fund | 14.5 | 8.7 | (0.2) |
| <i>MSCI ACWI ex US Index</i> | 14.1 | 8.5 | (0.3) |
| Fixed Income Fund | 0.4 | 4.4 | 6.1 |
| <i>Barclays U.S. Aggregate Bond Index</i> | (0.7) | 3.5 | 5.2 |
| Inflation-Linked Fixed Income Fund | (4.1) | 4.5 | 4.6 |
| <i>Barclays U.S. TIPS Index</i> | (4.8) | 4.6 | 4.4 |
| Money Market Fund | 0.1 | 0.2 | 0.4 |
| <i>Citigroup 3-Month T-Bill Index</i> | 0.1 | 0.1 | 0.2 |
| Stable Value Fund ³ | 2.9 | 3.3 | 3.9 |
| <i>Citigroup 3-Month T-Bill Index</i> | 0.1 | 0.1 | 0.2 |
| Target Date Funds⁴: | | | |
| Retirement Fund | 1.4 | 5.1 | 5.1 |
| <i>Retirement Fund Index</i> | 0.0 | 4.0 | 3.7 |
| Retirement Fund 2015 | 2.8 | 6.0 | 5.2 |
| <i>2015 Fund Index</i> | 1.5 | 5.1 | 4.1 |
| Retirement Fund 2020 | 4.4 | 7.0 | 5.3 |
| <i>2020 Fund Index</i> | 3.5 | 6.3 | 4.5 |
| Retirement Fund 2025 | 6.8 | 8.4 | 5.1 |
| <i>2025 Fund Index</i> | 6.0 | 7.9 | 4.6 |
| Retirement Fund 2030 | 10.1 | 10.0 | 4.5 |
| <i>2030 Fund Index</i> | 9.6 | 9.6 | 4.1 |
| Retirement Fund 2035 | 11.8 | 10.6 | 4.4 |
| <i>2035 Fund Index</i> | 11.4 | 10.2 | 4.1 |
| Retirement Fund 2040 | 12.0 | 10.6 | 4.4 |
| <i>2040 Fund Index</i> | 11.5 | 10.3 | 4.1 |
| Retirement Fund 2045 | 12.0 | 10.6 | 4.4 |
| <i>2045 Fund Index</i> | 11.5 | 10.3 | 4.1 |
| Retirement Fund 2050 | 12.0 | 10.6 | 4.4 |
| <i>2050 Fund Index</i> | 11.5 | 10.3 | 4.1 |
| Retirement Fund 2055 | 12.0 | 10.6 | 4.4 |
| <i>2055 Fund Index</i> | 11.5 | 10.3 | 4.1 |

¹Net of fees.

²Based on performance calculations made by the system's recordkeeper, Xerox.

The 1-year, 3-year, and 5-year performance returns are time-weighted rates of return for the fiscal year ended June 30, 2013. Prior to July 30, 2010, all data presented (excluding the Guaranteed Fund) is calculated from manager composite performance. After July 30, 2010, all performance presented consists of actual investment returns experienced by members.

³Investment Fund Option in the Legislators' Defined Contribution Plan only.

⁴Target Date Fund benchmarks are comprised of performance data using a passive strategy with the same asset allocation of each Target Date Fund.

List of Largest Assets Held

Top Ten Equity Holdings Fiscal Year Ended June 30, 2013 (by Market Value)¹

(dollars in thousands)

| Company | Shares | Market Value |
|-------------------|-----------|--------------|
| Apple Inc. | 107,550 | \$ 42,598 |
| Exxon Mobil Corp. | 400,321 | 36,169 |
| Google Inc. | 40,944 | 36,046 |
| Microsoft Corp. | 1,009,249 | 34,849 |
| Novartis | 416,904 | 29,566 |
| Johnson & Johnson | 344,337 | 29,565 |
| Roche | 118,441 | 29,418 |
| Wells Fargo & Co. | 643,285 | 26,548 |
| Visa Inc. | 144,889 | 26,478 |
| Nestle | 395,054 | 25,867 |

¹A complete list of portfolio holdings is available upon request.

Top Ten Fixed Income Holdings Fiscal Year Ended June 30, 2013 (by Market Value)¹

(dollars in thousands)

| Description | Coupon Rate | Maturity Date | Par Value | Market Value |
|--|-------------|---------------|------------|--------------|
| U.S. Treasury - CPI Inflation Index Bond | 0.125% | 4/15/16 | \$ 199,043 | \$ 204,159 |
| U.S. Treasury - CPI Inflation Index Bond | 0.125 | 1/15/23 | 161,371 | 156,467 |
| U.S. Treasury Bond | 3.125 | 2/15/43 | 166,695 | 155,599 |
| U.S. Treasury Note | 2.000 | 2/15/23 | 140,927 | 135,631 |
| U.S. Treasury - CPI Inflation Index Bond | 0.125 | 4/15/17 | 125,211 | 128,469 |
| U.S. Treasury - CPI Inflation Index Bond | 0.125 | 1/15/22 | 129,685 | 127,020 |
| U.S. Treasury - CPI Inflation Index Bond | 0.500 | 4/15/15 | 117,438 | 120,365 |
| U.S. Treasury - CPI Inflation Index Bond | 1.125 | 1/15/21 | 107,376 | 114,833 |
| U.S. Treasury - CPI Inflation Index Bond | 0.125 | 7/15/22 | 111,631 | 109,111 |
| U.S. Treasury - CPI Inflation Index Bond | 1.250 | 7/15/20 | 85,254 | 92,608 |

¹A complete list of portfolio holdings is available upon request.

Top Ten Brokers' Commission Fees Fiscal Year Ended June 30, 2013

(dollars in thousands)

| Broker | Amount Paid in Fees |
|---------------------------------------|------------------------|
| Morgan Stanley & Co. Inc. | \$ 556 |
| Goldman Sachs & Co. | 282 |
| Newedge USA LLC | 229 |
| Pershing LLC | 100 |
| JonesTrading Institutional Services | 98 |
| Instinet Europe Limited | 88 |
| Deutsche Bank | 80 |
| Instinet Corp. | 78 |
| UBS Securities LLC | 74 |
| Sanford C Benstein & Co. | 65 |
| Top Ten Brokers' Commission Fees | 1,650 |
| Other Brokers | 2,002 |
| Total Brokers' Commission Fees | \$ 3,652 |

Investment Management Fees by Asset Class Fiscal Year Ended June 30, 2013

(dollars in thousands)

| Asset Class | Investment Management Fees |
|--|----------------------------|
| Consolidated Defined Benefit Assets | |
| Public Equity | \$ 18,106 |
| Private Equity | 35,324 |
| Fixed Income – Ex Inflation-Linked | 9,648 |
| Fixed Income – Inflation-Linked | 4,151 |
| Commodities | 8,810 |
| Real Estate | 5,174 |
| Absolute Return | 35,812 |
| Risk Parity | 5,457 |
| Total Consolidated Defined Benefit Assets | 122,482 |
| Annuity Savings Account Assets | 4,611 |
| Total Investment Management Fees | \$ 127,093 |

Consolidated Defined Benefit Assets

Custodian

Bank of New York Mellon

Consultants

Aksia (Absolute Return)
ORG Real Property (Real Assets: Real Estate)
Strategic Investment Solutions (General: Defined Benefit)
Strategic Investment Solutions (Private Equity)

Public Equity

Altrinsic Global Advisors, LLC
Arrowstreet Capital, LP
Artisan Partners Limited Partnership
Baillie Gifford & Company
Barrow Hanley
BlackRock Institutional Trust
Columbus Circle Investors
Delaware
DePrince Race & Zollo
Disciplined Growth Investors
Earnest Partners, LLC
Gryphon
JP Morgan
Leading Edge Investment Advisors
Mondrian Investment Partners, Inc.
Rhumblin Advisers
Schroders
Times Square Capital Management, LLC

Private Equity

A.M. Pappas & Associates, LLC
ABRY Partners, LLC
Accel Partners
Accent Equity Partners AB
Actis Capital LLP
Advanced Technology Ventures
Advent International Corp.
Aisling Capital
American Securities Capital Partners, LP
AnaCap Financial Partners LLP
Apax Partners
Apollo Advisors, LP
ARCH Venture Partners
Ares Management, LLC
Austin Ventures
Avenue
Bain Capital, Inc.
Bay Partners
Bertram Capital
Black Diamond Capital Management, LLC
BPEP International
Brentwood Associates

Caltius Mezzanine
Candover Partners, Ltd
Cardinal Partners
Carlye Solutions Group
Catterton Partners
Centerfield Capital Partners
Century Park Capital Partners
Cerberus Capital Management, LLC
Charterhouse Group International, Inc.
CID Capital
Cinven
Close Brothers Private Equity, Ltd
Code Hennessy & Simmons LLC
Coller Capital
Columbia Capital LLC
Court Square Capital Partners
Credit Suisse First Boston
Credit Suisse Private Equity
Crescent Capital
Crestview Capital Funds
CVC Capital Partners
Doll Capital Management
Elevation Associates, LP
EnCap Investments LP
Energy Capital Partners GP
Enhanced Capital Partners
Escalate Capital Partners
Falcon Strategic Partners
First Reserve Corporation
Forbion Capital Partners
Fortress Investment Group LLC
Gilde Buy Out Partners
Globespan Capital Partners
Green Equity Partners
Greenpark International Investors
GSO Capital Partners, LP
GTCR Golder Rauner, LLC
H2 Equity Partners BV
Hammond Kennedy Whitney & Co.
Hellman & Friedman LLC
Herkules Capital
High Road Capital Partners
Horsley Bridge
Insight Venture Partners
Institutional Venture Partners
JFM Management Inc.
Kailai Investments
Khosla Ventures
KPS Special Situations Funds
Landmark Partners, Inc.
Lexington Capital Partners
Lightyear Capital LLC
Lindsay Goldberg
Lion Capital
MBK Partners, GP, LP

Private Equity, cont.

Merit Capital Partners
 Mill Road Capital
 Natural Gas Partners
 Neovara
 Neuberger Berman
 New Enterprise Associates
 New Mountain Partners
 Oak Hill Advisors, LP
 Oak Hill Capital Management, LLC
 Oak Investment Partners
 Oaktree Capital Management, LLC
 Opus Capital
 Panda Power Generation Infrastructure Fund, GP
 Parthenon Capital Partners
 Peninsula Capital Partners, LLC
 Permira
 Platinum Equity, LLC
 Rho Capital Partners, Inc.
 RJD Partners Limited
 SAIF Partners
 Sankaty Credit Advisors
 Scale Management
 Silver Cup Partners
 Silver Lake Partners, LLC
 Sun Capital Partners, Inc.
 TA Associates
 TCW/Crescent Mezzanine Partners
 Technology Crossover Ventures
 Technology Partners
 Terra Firma
 Texas Pacific Group
 The Blackstone Group
 The Jordan Company
 TowerBrook Investors LP
 Trilantic Capital Partners
 Trinity Ventures
 Triton Partners
 True Ventures
 TSG6 Management, LLC
 Veritas Capital
 Veronis Suhler Stevenson
 Vestar Capital Partners, Inc.
 Vintage Venture Partners
 Vision Capital LLP
 Vista Equity Partners
 Walden Group of Venture Capital Funds
 Warburg Pincus LLC
 Wayzata Investment Partners, LLC
 Weston Presido Capital Management
 White Deer Management LLC
 Windjammer Capital Investors
 WL Ross & Company, LLC
 Xenon Private Equity
 York Capital Management

Fixed Income – Ex Inflation Linked

Alliance Capital
 Goldman Sachs Asset Management, LP
 Income Research + Management
 Loomis Sayles & Company, LP
 Pacific Investment Management Company (PIMCO)
 Reams Asset Management
 Stone Harbor
 TCW

Fixed Income – Inflation Linked

BlackRock Financial Management
 Bridgewater Associates, Inc.
 Northern Trust Global Investments

Commodities

CoreCommodity Management
 Goldman Sachs Asset Management, LP
 Gresham Investment Management, LLC
 The Blackstone Group

Real Estate

Blackstone Real Estate Partners
 Colony Capital, LLC
 European Investors, Inc.
 Greenfield Partners, LLC
 H/2 Capital Partners
 Harrison Street Real Estate Capital, LLC
 House Investments
 JDM Partners
 LaSalle Investment Management
 Lone Star Funds
 Mesa West Capital
 Prima Capital Advisors, LLC
 Stockbridge Capital Group
 TA Realty Associates
 Walton Street Capital, LLC
 WestRiver Capital, LLC

Absolute Return

Blackstone Alternative Asset Management (BAAM)
 BlueCrest Capital Management
 Brevan Howard Asset Management
 Bridgewater Associates, Inc.
 Brigade Capital Management
 Davidson Kempner Capital Management
 Emerging Sovereign Group
 Highfields Capital Management
 Kepos Capital
 King Street Capital Management
 Linden Advisors
 MKP Capital Management
 Oxford Asset Management
 Pacific Alternative Asset Management Company (PAAMCO)

Investment Professionals, continued

Absolute Return, cont.

Perella Weinberg Partners
Viking Global Investors

Risk Parity

AQR Capital Management
Bridgewater Associates, Inc
First Quadrant

Annuity Savings Accounts and Legislators' Defined Contribution Plan Assets

**Public Employees' Retirement Fund (PERF)
Teachers' Retirement Fund (TRF)
Legislators' Defined Contribution Plan
(LEDC Plan)**

Consultant

Cap Cities (General: Defined Contribution)

Large Cap Equity Index Fund

BlackRock Institutional Trust

Small / Mid Cap Equity Fund

CS McKee
Loomis Sayles & Company
Rhumblin Advisers

International Equity Fund

Baillie Gifford & Company
BlackRock Institutional Trust
Dimensional Fund Advisors
Earnest Partners

Fixed Income Fund

Loomis Sayles & Company
Northern Trust
Pacific Investment Management Company (PIMCO)

Inflation-Linked Fixed Income Fund

BlackRock Institutional Trust

Money Market Fund

Bank of New York Mellon

Stable Value Fund (PERF ASA Only & LEDC Plan only)

Northern Trust Global Advisors

Pension Relief Fund

Bank of New York Mellon

Special Death Benefit Funds

PNC Institutional Investments

Indiana Public Retirement System



2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

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Actuaries' Certification Letters

Introduction

Prior to July 1, 2011, the Defined Benefit retirement plans for public employees in the State of Indiana were administered by independent instrumentalities governed by separate boards of appointed trustees, including the Public Employees' Retirement Fund and the Indiana State Teachers' Retirement Fund. Legislation adopted in 2010 called for a consolidation of these entities, which began with the appointment of a joint Executive Director in May 2010, and resulted in the creation of the Indiana Public Retirement System (INPRS) effective July 1, 2011.

For the seven (7) separate Defined Benefit retirement plans administered by INPRS, there are two (2) actuaries who currently provide the actuarial services for the seven (7) Defined Benefit retirement plans as summarized below:

PricewaterhouseCoopers LLP

- Public Employees' Retirement Fund
- 1977 Police Officers' and Firefighters' Pension and Disability Fund
- Judges' Retirement System
- State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan
- Prosecuting Attorneys' Retirement Fund
- Legislators' Defined Benefit Plan

Nyhart

- Teachers' Retirement Fund

Accordingly, the INPRS FY2013 CAFR Actuarial Section includes an Actuary Certification Letter from each actuary for the actuarial valuations prepared as of June 30, 2013.



December 17, 2013

Board of Trustees
Indiana Public Retirement System
1 North Capitol, Suite 001
Indianapolis, IN 46204

Re: Certification of the Actuarial Valuations of the Indiana Public Retirement System as of as of June 30, 2013

Dear Board of Trustees:

Actuarial valuations are performed annually for the Indiana Public Retirement System ("INPRS") defined benefit pension plans ("Plans"). The results of the latest actuarial valuations for all plans other than the Teachers' Retirement Fund were prepared as of June 30, 2013 and are presented in individual valuation reports pursuant to the engagement letter between INPRS and PricewaterhouseCoopers LLP ("PwC"), dated June 7, 2010. The reports are intended to provide the Board of Trustees ("Board") with information on the funded status of the Plans, development of the contribution rates, and certain financial statement disclosure information.

Under Indiana statutes, employer contribution rates and amounts, as applicable, are adopted annually for each Plan by the Board. The contributions are actuarially determined based on the funding policy, actuarial assumptions, and actuarial methods adopted by the Board. Contributions determined by the actuarial valuation become effective either twelve or eighteen months after the valuation date, depending on the applicable employer. Therefore, contribution rates determined by the June 30, 2013 actuarial valuation and adopted by the Board will become effective on either July 1, 2014 or January 1, 2015. If new legislation is enacted between the valuation date and the date the contributions become effective, the Board may adjust the recommended contributions before adopting them, in order to reflect this new legislation. Such adjustments are based on information supplied by the actuary.

Financing Objectives and Funding Policy

In setting contribution levels, the Board's principal objectives have been:

- To set contributions such that the unfunded actuarial accrued liability ("UAAL") will be amortized over a period not greater than 30 years.
- To set contributions such that they remain relatively level over time.

To accomplish this, the Board's funding policy requires that employer contributions be equal to the sum of the employer normal cost (which pays the current year cost of benefits accruing) and an amortization of the UAAL in equal installments.

Progress Toward Realization of Financing Objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a Plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. The combined funded ratio for all Plans (excluding the Teachers' Retirement Fund) increased by 4.2% from the preceding year to 83.4%, primarily due to delayed recognition of prior asset gains from fiscal 2010 and 2011 in the Actuarial Value of Assets and additional contributions made to certain plans pursuant to 2012 House Bill 1376.

Benefit Provisions

The benefit provisions reflected in the valuation reports are those which were in effect at June 30, 2013, as set forth in the related Indiana statutes. Material changes in benefit provisions since the 2012 valuation include the decision to modify ASA annuitizations for Public Employees' Retirement Fund (PERF) starting October 1, 2014 and amending several features of Prosecuting Attorneys' Retirement Fund to be similar to Judges' Retirement System pursuant to 2013 House Bill 1057. There were no other material changes in benefit provisions since the 2012 valuations.



Assets and Member Data

The valuations were based on asset values of the trust funds and member census data as of June 30, 2013. All asset information and member data were provided by INPRS. While certain checks for reasonableness were performed, the data was used unaudited. The accuracy of the results presented in the reports is dependent upon the accuracy and completeness of the underlying asset and census information.

Actuarial Assumptions and Methods

The majority of the actuarial assumptions used in the June 30, 2013 valuations were adopted by the Board pursuant to the Experience Studies completed in September 2011, which reflected the experience period from July 1, 2005 through June 30, 2010, and were first used in the June 30, 2011 valuation. The actuarial assumptions for interest rate and mortality were updated for the June 30, 2012 valuation. Minor assumptions were updated for the June 30, 2013 valuation including the interest rate on member account balances and assumptions for Prosecuting Attorneys' Retirement Fund due to plan changes. The actuarial assumptions and methods are summarized in the Actuarial Assumptions and Methods section of each valuation report. We believe the actuarial assumptions and methods are reasonable for the purposes of the valuation reports and comply with the parameters set forth in Statements No. 25 and No. 27 of the Governmental Accounting Standards Board ("GASB"). Different assumptions and methods may be reasonable for other purposes. As such, the results presented in the valuation reports should only be relied upon for the intended purpose.

Certification

We certify that the information presented herein is accurate and fairly portrays the actuarial position of each Plan administered by INPRS (other than the Teachers' Retirement Fund) as of June 30, 2013 based on the underlying census data, asset information and selected assumptions and methods.

This report contains the required accounting information to be included in the Comprehensive Annual Financial Report. This information has been prepared in accordance with our understanding of Governmental Accounting Standards No. 25 and No. 27 (as amended by No. 50). This report does not contain accounting information prepared in accordance with Governmental Accounting Standards No. 67 and No. 68, which will become effective for financial statements for fiscal years beginning after June 15, 2013 and June 15, 2014, respectively.

To the best of our knowledge this actuarial statement is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with our understanding of the requirements of Indiana state law. The undersigned actuaries are members of the Society of Actuaries and other professional organizations, including the American Academy of Actuaries, and meet the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States relating to pension plans. There is no relationship between the PwC practitioners involved in this engagement and INPRS that may impair our objectivity.

This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. This includes penalties that may apply if the transaction that is the subject of this document is found to lack economic substance or fails to satisfy any other similar rule of law. This document has been prepared pursuant to an engagement letter between INPRS and PwC, and is intended solely for the use and benefits of INPRS and not for reliance by any other person.

Respectfully submitted,

Ms. Cindy Fraterrigo
Member, American Academy of Actuaries
Fellow of the Society of Actuaries
Enrolled Actuary (No. 11-06229)

Mr. Sheldon Gamzon
Member, American Academy of Actuaries
Fellow of the Society of Actuaries
Enrolled Actuary (No. 11-03238)

Mr. Brandon Robertson
Member, American Academy of Actuaries
Associate of the Society of Actuaries
Enrolled Actuary (No. 11-07568)

December 17, 2013

The Board of Trustees
Indiana Public Retirement System
Indianapolis, IN

Dear Board Members:

An actuarial valuation is prepared annually for the Indiana State Teachers' Retirement Fund. Submitted in this report are the results of the June 30, 2013 actuarial valuation.

Census Data and Asset Information

The member census data and the asset information for this valuation were furnished by the Chief Financial Officer and Staff. Their efforts and cooperation in furnishing these materials are acknowledged with appreciation. We did not audit the information provided, but we did review it thoroughly for reasonableness and compared it with the prior year's submission for consistency.

Assumptions and Methods

The majority of the actuarial assumptions used in the June 30, 2013 valuation were adopted by the Board pursuant to the Experience Study completed in June 2012, which reflected the experience period from July 1, 2007 to June 30, 2011. The interest rate and mortality assumptions were approved by the Board on June 29, 2012 for first use in the 2012 valuation. Assumptions are summarized in the Assumptions and Methods section of this report. These assumptions and methods have been used to develop the Annual Required Contribution and are consistent with the accounting requirements detailed in GASB Statements No. 25, No. 27, and No. 50.

Funding Objective

The Indiana State Teachers' Retirement Fund Pre-1996 Account is funded on a pay-as-you-go basis from the State of Indiana.

The funding objective of the Indiana State Teachers' Retirement Fund 1996 Account is to establish and receive contributions that, when invested at the assumed rate of return, will ultimately accumulate assets over each member's working lifetime that will be sufficient to pay expected retirement allowances. As such, an employer contribution rate is calculated each year. That rate is then considered in conjunction with the goal of maintaining a relatively stable contribution over time.

Fund Structure

The Indiana State Teachers' Retirement Fund (TRF) is one fund comprised of a two-account structure in compliance with Indiana Code Section 5-10.4-2-2:

1. The Pre-1996 Account consists of members who were hired prior to July 1, 1995, and who have maintained continuous employment with the same school corporation or covered institution since that date.
2. The 1996 Account consists of members who were:
 - a. hired on or after July 1, 1995; or
 - b. hired before July 1, 1995, and prior to June 30, 2005:
 - i. were either hired by another school corporation or institution covered by TRF, or
 - ii. were re-hired by a covered prior employer.

Actuaries' Certification Letters, continued

Characteristics of the Pre-1996 Account

1. Active membership in the Pre-1996 Account continues to decline as members quit, become disabled, die, or retire.
2. The Defined Benefits from the Pre-1996 Account are funded by State appropriations (including contributions of some revenue from the State Lottery). At the time of retirement, Annuity Savings Account (ASA) benefits payable from the Pre-1996 Account are funded by the annuitization of Pre-1996 Account member contributions.

Characteristics of the 1996 Account

1. As members depart from active service in the Pre-1996 Account, their replacements will become members of the 1996 Account. If the 1996 Account were a stand-alone plan, this pattern of departures and hirings would produce a fairly constant population size.
2. Defined Benefits payable from the 1996 Account are funded by contributions from local school corporations or other institutions that employ covered members. At the time of retirement, ASA benefits payable from the 1996 Account are funded by the annuitization of 1996 Account member contributions.

Funding Arrangements

Prior to the legislation that established the two-account structure of TRF, the Defined Benefits of the Indiana State Teachers' Retirement Fund were funded with a pay-as-you-go method. Under this arrangement, amounts were appropriated to meet the current year's pension payment requirements. Defined Benefits payable from the Pre-1996 Account continue to be funded on this basis.

In 1995, the Pension Stabilization Fund was set up for the Pre-1996 Account. Since then, some pre-funding progress has been made via State appropriations to this account.

Defined Benefits payable from the 1996 Account are funded through employer percent-of-pay contributions. The Board of the Indiana Public Retirement System sets this contribution rate after reviewing the most recent actuarial valuation report.

The contribution rate of 7.50% for fiscal year 2014 was set by the Board in fiscal year 2013 for the 1996 Account. The contribution rate of 7.50% for fiscal year 2015 was set by the Board in fiscal year 2014.

Progress Toward Realization of Financing Objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a Plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. The total funded ratio for the Plan (Pre-1996 Account and 1996 Account combined) increased by 3.0%, to 45.7% from 42.7% for the preceding year due primarily to additional funding by the State under HB 1376 and 2010 – 2013 investment returns being higher than the actuarial assumed returns.

The funded ratio of the Pre-1996 Account (pay-as-you-go) increased to 31.8% from 30.1% for the preceding year. Based on the actuarial assumptions, it is anticipated that the Pre-1996 Account will attain 100% funded status in FY2036.

The funded ratio of the 1996 Account increased to 93.8% from 90.7% for the preceding year. Based on the actuarial assumptions, it is anticipated that the 1996 Account will attain 100% funded status in FY2021.

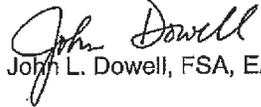
Certification

We have included several schedules and exhibits in this report, including the following:

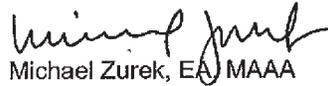
- Summary of Actuarial Assumptions and Methods
- Analysis of Financial Experience
- Solvency Test
- Schedule of Active Members' Valuation Data
- Schedule of Retired Members and Beneficiaries
- Schedule of Funding Progress
- Schedule of Employer Contributions

The valuation was completed under the supervision of a Member of the American Academy of Actuaries with significant experience in valuing employee retirement systems, and was prepared using generally accepted actuarial principles and in accordance with standards of practice prescribed by the Actuarial Standards Board. To the best of our knowledge, this report is complete and accurate and the actuarial methods and assumptions produce results that are reasonable.

Respectfully submitted,



John L. Dowell, FSA, EA, MAAA



Michael Zurek, EA, MAAA

Summary of INPRS Funded Status

(dollars in millions)

| Defined Benefit Retirement Plan | Actuarial Valuation as of June 30, 2013 | | | | Actuarial Valuation as of June 30, 2012 | | | |
|---|---|---------------------------------|---|-------------------------------|---|---------------------------------|---|-------------------------------|
| | Actuarial Accrued Liability | Actuarial Value of Assets | Unfunded Actuarial Accrued Liability | Actuarial Funded Status | Actuarial Accrued Liability | Actuarial Value of Assets | Unfunded Actuarial Accrued Liability | Actuarial Funded Status |
| Public Employees' Retirement Fund | \$ 16,145.7 | \$ 12,947.3 | \$ 3,198.4 | 80.2% | \$ 15,784.2 | \$ 12,088.2 | \$ 3,696.0 | 76.6% |
| Teachers' Retirement Fund (TRF) – 1996 Account | 4,749.3 | 4,453.8 | 295.5 | 93.8 | 4,338.3 | 3,936.4 | 401.9 | 90.7 |
| 1977 Police Officers' and Firefighters' Pension and Disability Fund | 4,392.9 | 4,180.7 | 212.2 | 95.2 | 4,122.4 | 3,786.6 | 335.8 | 91.9 |
| Judges' Retirement System ¹ | 453.1 | 381.2 | 71.9 | 84.1 | 437.9 | 260.1 | 177.8 | 59.4 |
| State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan ¹ | 118.1 | 98.6 | 19.5 | 83.5 | 113.3 | 76.0 | 37.3 | 67.1 |
| Prosecuting Attorneys' Retirement Fund ¹ | 62.0 | 48.8 | 13.2 | 78.7 | 56.1 | 27.5 | 28.6 | 49.0 |
| Legislators' Defined Benefit Plan | 4.3 | 3.4 | 0.9 | 79.8 | 4.5 | 3.4 | 1.1 | 75.0 |
| Total INPRS (Excluding TRF Pre-1996 Account) | \$ 25,925.4 | \$ 22,113.8 | \$ 3,811.6 | 85.3% | \$ 24,856.7 | \$ 20,178.2 | \$ 4,678.5 | 81.2% |
| Teachers' Retirement Fund – Pre-1996 Account (Pay-As-You-Go) | 16,462.4 | 5,235.1 | 11,227.3 | 31.8 | 16,522.0 | 4,978.1 | 11,543.9 | 30.1 |
| Total INPRS (Including TRF Pre-1996 Account) | \$ 42,387.8 | \$ 27,348.9 | \$ 15,038.9 | 64.5% | \$ 41,378.7 | \$ 25,156.3 | \$ 16,222.4 | 60.8% |
| Memo: | | | | | | | | |
| Total Teachers' Retirement Fund | \$ 21,211.7 | \$ 9,688.9 | \$ 11,522.8 | 45.7% | \$ 20,860.3 | \$ 8,914.5 | \$ 11,945.8 | 42.7% |

¹In accordance with Legislation passed during March 2012, the State appropriated additional monies during FY2013 to reach a funded status of 80.0 percent based on the actuarial valuations as of June 30, 2012, for the following three (3) retirement plans:

Judges' Retirement System – \$90.2 million

State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan – \$14.6 million

Prosecuting Attorneys' Retirement Fund – \$17.4 million

Sensitivity of Actuarial Valuations to Changes in Assumed Investment Return – Interest Rate

INPRS Management and the INPRS Board continually monitor the Investment Return - Interest Rate assumption on an annual basis and make changes in this assumption as appropriate. The INPRS Board last changed the assumption in June 2012, reducing the assumption from 7.0 percent to 6.75 percent.

To illustrate the importance of the Investment Return - Interest Rate assumption, which is used to discount the actuarial liabilities of the INPRS Defined Benefit retirement plans, the Unfunded Actuarial Accrued Liability and Funded Status are shown below at 6.75 percent (current assumption), 7.5 percent (0.75 percentage point increase), and 8.0 percent (1.25 percentage point increase).

- PERF = Public Employees' Retirement Fund
- TRF = Teachers' Retirement Fund
- 1977 Fund = 1977 Police Officers' and Firefighters' Pension and Disability Fund
- JRS = Judges' Retirement System
- EG&C Plan = State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan
- PARF = Prosecuting Attorneys' Retirement Fund
- LEDB Plan = Legislators' Defined Benefit Plan

| (dollars in millions) | Current Assumption (6.75%) | | 0.75% Increase (7.5%) | | 1.25% Increase (8.0%) | |
|---|--------------------------------------|---------------|---|---------------|---|---------------|
| | Unfunded Actuarial Accrued Liability | Funded Status | Unfunded Actuarial Accrued Liability ¹ | Funded Status | Unfunded Actuarial Accrued Liability ¹ | Funded Status |
| PERF | \$ 3,198.4 | 80.2% | \$ 2,154.8 | 85.7% | \$ 1,528.2 | 89.4% |
| TRF – 1996 Account | 295.5 | 93.8 | (124.3) | 102.9 | (377.8) | 109.3 |
| 1977 Fund | 212.2 | 95.2 | (249.1) | 106.3 | (519.2) | 114.2 |
| JRS | 71.9 | 84.1 | 36.1 | 91.4 | 14.6 | 96.3 |
| EG&C Plan | 19.5 | 83.5 | 9.4 | 91.3 | 3.4 | 96.7 |
| PARF | 13.2 | 78.7 | 8.3 | 85.5 | 5.4 | 90.1 |
| LEDB Plan | 0.9 | 79.8 | 0.7 | 84.1 | 0.5 | 87.0 |
| Total INPRS (Excluding TRF Pre-1996 Account) | \$ 3,811.6 | 85.3% | \$ 1,835.9 | 92.3% | \$ 655.1 | 97.1% |
| TRF – Pre-1996 Account (Pay-As-You-Go) | 11,227.3 | 31.8 | 10,265.1 | 33.8 | 9,659.1 | 35.1 |
| Total INPRS (Including TRF Pre-1996 Account) | \$ 15,038.9 | 64.5% | \$12,101.0 | 69.3% | \$ 10,314.2 | 72.6% |
| Memo: Total TRF | \$ 11,522.8 | 45.7% | \$10,140.8 | 48.9% | \$ 9,281.3 | 51.1% |

¹() = Funding Surplus

Analysis of Financial Experience

(dollars in thousands)

| Defined Benefit Retirement Plans | June 30, 2012 UAAL ¹ | (Gain) / Loss | | | | | June 30, 2013 UAAL |
|---|---------------------------------|--------------------------------------|---|---|---|-------------------------------------|--------------------|
| | | Actuarial Value of Assets Experience | Actuarial Accrued Liabilities Experience ² | Amortization of Existing Bases ³ | Actuarial Assumption & Methodology Changes ⁴ | Plan Provision Changes ⁵ | |
| Public Employees' Retirement Fund | \$ 3,696,015 | \$ (285,828) | \$ 3,050 | \$ (47,354) | \$ - | \$ (167,486) | \$ 3,198,397 |
| Teachers' Retirement Fund | | | | | | | |
| Pre-1996 Account | 11,543,908 | (94,113) | (40,719) | (181,801) | 52,418 | (52,418) | 11,227,275 |
| 1996 Account | 401,854 | (85,500) | (15,995) | (4,819) | 34,003 | (34,003) | 295,540 |
| Total Teachers' Retirement Fund | 11,945,762 | (179,613) | (56,714) | (186,620) | 86,421 | (86,421) | 11,522,815 |
| 1977 Police Officers' and Firefighters' Pension and Disability Fund | 335,841 | (75,192) | (39,521) | (4,075) | (4,810) | - | 212,243 |
| Judges' Retirement System | 177,758 | 6,315 | (13,483) | (98,906) | 186 | - | 71,870 |
| State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan | 37,276 | 239 | (1,845) | (16,140) | (41) | - | 19,489 |
| Prosecuting Attorneys' Retirement Fund | 28,579 | 845 | 1,474 | (18,958) | (108) | 1,346 | 13,178 |
| Legislators' Defined Benefit Plan | 1,126 | (93) | (134) | (32) | - | - | 867 |
| Total INPRS | \$16,222,357 | \$ (533,327) | \$ (107,173) | \$ (372,085) | \$ 81,648 | \$ (252,561) | \$15,038,859 |

¹UAAL: Unfunded Actuarial Accrued Liabilities

²Actuarial Accrued Liabilities Experience includes:

- For PERF, TRF, and EG&C, a one-time payment (i.e., 13th Check) was paid to benefit recipients in August/September 2013 in lieu of the 1.0 percent COLA assumption.
- For 1977 Fund, a 1.7 percent COLA was paid to benefit recipients in July 2013, rather than the assumed COLA of 2.25 percent.
- For JRS, a 3.1 percent COLA was paid to benefit recipients in July 2013, rather than the assumed COLA of 4.0 percent.
- For the LEDB Plan, there was no COLA paid to benefit recipients versus the assumed COLA of 1.0 percent.

³Amortization of Existing Bases includes State appropriations of \$328,965 thousand received during FY2013 for TRF, JRS, EG&C, and PARF in accordance with Legislation passed during March 2012.

⁴Actuarial Assumption and Methodology Assumption Changes include:

- For TRF, recognition of the cost of future Annuity Savings Account (ASA) conversions to annuities at 7.5 percent versus the valuation interest rate of 6.75 percent.
- For 1977 Fund, JRS, EG&C, and PARF, the interest crediting rate on member contribution balances was changed to 3.5 percent.

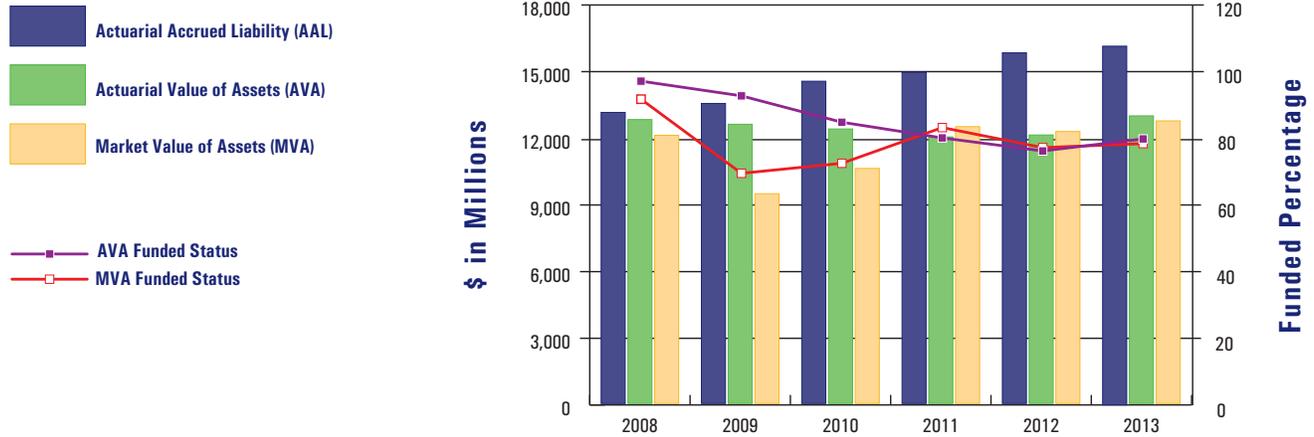
⁵Plan Provision Changes include:

- For PERF and TRF, the liability associated with expected annuitization of Annuity Savings Account (ASA) balances was eliminated as of June 30, 2013, due to the Board's decision to modify ASA annuitizations starting October 1, 2014.
- For PARF, several features of the Plan were amended to be similar to JRS in accordance with Legislation passed during March 2013.

Public Employees' Retirement Fund



Historical Summary of Actuarial Valuation Results by Retirement Plan



(dollars in millions)

Fiscal Year Ended June 30

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Actuarial Accrued Liability (AAL) | \$ 13,103.2 | \$ 13,506.2 | \$ 14,506.1 | \$ 14,913.1 | \$ 15,784.2 | \$ 16,145.7 |
| Actuarial Value of Assets (AVA) | \$ 12,780.1 | \$ 12,569.3 | \$ 12,357.2 | \$ 12,000.6 | \$ 12,088.2 | \$ 12,947.3 |
| Unfunded Liability (AAL - AVA) | \$ 323.1 | \$ 936.9 | \$ 2,148.9 | \$ 2,912.5 | \$ 3,696.0 | \$ 3,198.4 |
| AVA Funded Status (AVA / AAL) | 97.5% | 93.1% | 85.2% | 80.5% | 76.6% | 80.2% |
| Market Value of Assets (MVA) | \$ 12,073.5 | \$ 9,442.3 | \$ 10,581.3 | \$ 12,461.4 | \$ 12,243.8 | \$ 12,720.6 |
| MVA Funded Status (MVA / AAL) | 92.1% | 69.9% | 72.9% | 83.6% | 77.6% | 78.8% |

Summary of Actuarial Assumptions and Methods as of June 30, 2013

The actuarial assumptions and methods used in the June 30, 2013 valuation of the Public Employees' Retirement Fund were adopted by the INPRS Board in February 2013. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2005 through June 30, 2010, which were adopted by the INPRS Board in September 2011, and were first used in the June 30, 2011 valuation. The interest rate / investment return and mortality assumptions were updated for the June 30, 2012 valuation.

Changes in Actuarial Assumptions

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial assumptions from the actuarial valuation as of June 30, 2012.

Changes in Actuarial Methods

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial methods from the actuarial valuation as of June 30, 2012.

Actuarial Assumptions

Economic Assumptions

| | |
|------------------------------------|--|
| Interest Rate / Investment Return: | 6.75 percent (net of administrative and investment expenses) |
| Cost of Living Increases: | 1.0 percent per year in retirement |
| Future Salary Increases: | Based on 2005-2010 experience. Illustrative rates shown below: |

| Age | Inflation | Productivity, Merit, and Promotion | Total Individual Salary Growth |
|--------|-----------|------------------------------------|--------------------------------|
| < 31 | 3.00% | 1.50% | 4.50% |
| 31-45 | 3.00 | 1.00 | 4.00 |
| 46-60 | 3.00 | 0.50 | 3.50 |
| > = 61 | 3.00 | 0.25 | 3.25 |

Inflation: 3.0 percent per year

Demographic Assumptions

Mortality (Healthy and Disabled): 2013 IRS Static Mortality projected five (5) years with Scale AA

Retirement: Based on PERF experience 2005-2010. Illustrative rates shown below:

| Age | Years of Service | | | | |
|-----|------------------|-----|-----|-----|------|
| | 10 | 15 | 20 | 30 | 31 + |
| 50 | -% | 4% | 4% | 4% | 4% |
| 55 | - | 7 | 7 | 12 | 7 |
| 60 | - | 10 | 10 | 10 | 10 |
| 65 | 30 | 30 | 30 | 30 | 30 |
| 70 | 25 | 25 | 25 | 25 | 25 |
| 75+ | 100 | 100 | 100 | 100 | 100 |

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Termination:

Select and ultimate tables based on 2005-2010 experience. Illustrative rates shown below:

State (Male)

Earnings < \$20,000

| Age | Years of Service | | | | | |
|-----|------------------|-----|-----|-----|-----|-----|
| | 0 | 1 | 2 | 3 | 4 | 5+ |
| 20 | 57% | 40% | 23% | 19% | 17% | 13% |
| 30 | 56 | 34 | 21 | 17 | 15 | 11 |
| 40 | 55 | 29 | 18 | 15 | 13 | 9 |
| 50 | 55 | 24 | 15 | 13 | 11 | 6 |
| 60+ | 55 | 20 | 12 | 10 | 9 | 4 |

State (Male)

Earnings > = \$20,000

| Age | Years of Service | | | | | |
|-----|------------------|-----|-----|-----|----|----|
| | 0 | 1 | 2 | 3 | 4 | 5+ |
| 20 | 43% | 26% | 13% | 10% | 9% | 7% |
| 30 | 39 | 20 | 12 | 9 | 8 | 6 |
| 40 | 36 | 16 | 11 | 8 | 7 | 5 |
| 50 | 36 | 14 | 9 | 7 | 7 | 4 |
| 60+ | 37 | 13 | 8 | 6 | 6 | 3 |

State (Female)

Earnings < \$20,000

| Age | Years of Service | | | | | |
|-----|------------------|-----|-----|-----|-----|-----|
| | 0 | 1 | 2 | 3 | 4 | 5+ |
| 20 | 57% | 40% | 26% | 26% | 21% | 16% |
| 30 | 54 | 36 | 23 | 23 | 19 | 14 |
| 40 | 54 | 32 | 20 | 19 | 16 | 11 |
| 50 | 54 | 29 | 17 | 15 | 13 | 8 |
| 60+ | 54 | 25 | 15 | 11 | 11 | 6 |

State (Female)

Earnings > = \$20,000

| Age | Years of Service | | | | | |
|-----|------------------|-----|-----|-----|-----|----|
| | 0 | 1 | 2 | 3 | 4 | 5+ |
| 20 | 43% | 25% | 14% | 14% | 11% | 8% |
| 30 | 36 | 22 | 13 | 12 | 10 | 7 |
| 40 | 35 | 19 | 12 | 10 | 9 | 6 |
| 50 | 35 | 17 | 10 | 9 | 7 | 5 |
| 60+ | 36 | 16 | 9 | 7 | 6 | 4 |

Political Subdivisions (Male)

Earnings < \$20,000

| Age | Years of Service | | | | | |
|-----|------------------|-----|-----|-----|-----|----|
| | 0 | 1 | 2 | 3 | 4 | 5+ |
| 20 | 33% | 25% | 13% | 12% | 10% | 7% |
| 30 | 29 | 21 | 11 | 10 | 9 | 6 |
| 40 | 28 | 17 | 10 | 8 | 8 | 5 |
| 50 | 26 | 14 | 8 | 7 | 6 | 4 |
| 60+ | 25 | 11 | 6 | 5 | 5 | 3 |

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Political Subdivisions (Male)

Earnings \geq \$20,000

| Age | Years of Service | | | | | |
|-----|------------------|-----|----|----|----|----|
| | 0 | 1 | 2 | 3 | 4 | 5+ |
| 20 | 30% | 19% | 7% | 7% | 5% | 4% |
| 30 | 22 | 14 | 7 | 6 | 5 | 4 |
| 40 | 22 | 11 | 6 | 5 | 4 | 3 |
| 50 | 21 | 10 | 5 | 5 | 4 | 3 |
| 60+ | 20 | 9 | 4 | 4 | 3 | 2 |

Political Subdivisions (Female)

Earnings $<$ \$20,000

| Age | Years of Service | | | | | |
|-----|------------------|-----|-----|-----|-----|----|
| | 0 | 1 | 2 | 3 | 4 | 5+ |
| 20 | 36% | 30% | 16% | 12% | 11% | 8% |
| 30 | 32 | 25 | 14 | 11 | 10 | 7 |
| 40 | 32 | 21 | 12 | 10 | 9 | 5 |
| 50 | 31 | 18 | 9 | 8 | 7 | 4 |
| 60+ | 30 | 14 | 7 | 6 | 5 | 3 |

Political Subdivisions (Female)

Earnings \geq \$20,000

| Age | Years of Service | | | | | |
|-----|------------------|-----|-----|----|----|----|
| | 0 | 1 | 2 | 3 | 4 | 5+ |
| 20 | 31% | 21% | 10% | 8% | 7% | 4% |
| 30 | 24 | 16 | 9 | 7 | 6 | 4 |
| 40 | 23 | 14 | 8 | 6 | 5 | 3 |
| 50 | 23 | 12 | 7 | 6 | 5 | 3 |
| 60+ | 23 | 11 | 6 | 5 | 4 | 2 |

Disability:

Based on 2000 - 2005 experience for males and 1995 - 2000 experience for females.

Recent experience has been consistent.

Illustrative rates shown below:

| Age | Male | Female |
|-----|--------|--------|
| 20 | 0.007% | 0.005% |
| 30 | 0.021 | 0.016 |
| 40 | 0.065 | 0.050 |
| 50 | 0.201 | 0.156 |
| 60 | 0.622 | 0.488 |
| 70 | 0.100 | 0.100 |
| 80 | 0.000 | 0.000 |

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Spouse/Beneficiary: 75 percent of male members and 60 percent of female members are assumed to be married and or to have a dependent beneficiary. Male members are assumed to be three (3) years older than their spouses and female members are assumed to be two (2) years younger than their spouses.

ASA Withdrawal: For active members who are expected to terminate prior to becoming vested (before 10 years of service), 100 percent of such members are assumed to withdraw their ASA balance immediately upon termination. For all other active members, it is assumed that 50 percent of such members withdraw their ASA balance immediately upon termination and 50 percent of such members annuitize their ASA balance upon commencement of their employer funded annuity benefit.

For inactive members who are not vested, 100 percent of such members are assumed to withdraw their ASA balance immediately. For inactive members who are vested, it is assumed that 50 percent of such members withdraw their ASA balance immediately and 50 percent of such members annuitize their ASA balance upon commencement of their employer funded annuity benefit.

Actuarial Methods

Actuarial Cost Method: Entry Age Normal – Level Percent of Payroll

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year-to-year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Asset Valuation Method: The Actuarial Value of Assets (AVA) is equal to a four-year smoothing of gains and losses on the Market Value of Assets (MVA), subject to a 20 percent corridor. Accordingly, the AVA is limited to no more than 20 percent greater than or 20 percent less than the MVA.

Analysis of Financial Experience

(dollars in thousands)

| | <u>UAAL</u> |
|---|---------------------|
| Unfunded Actuarial Accrued Liability (UAAL): June 30, 2012 | \$ 3,696,015 |
| <u>UAAL (Gain) / Loss</u> | |
| Actuarial Value of Assets Experience | (285,828) |
| Actuarial Accrued Liabilities Experience ¹ | 3,050 |
| Amortization of Existing Bases | (47,354) |
| Actuarial Assumption & Methodology Changes | - |
| Plan Provision Changes ² | (167,486) |
| Unfunded Actuarial Accrued Liability (UAAL): June 30, 2013 | \$ 3,198,397 |

¹Actuarial Accrued Liabilities Experience includes a gain of approximately \$30,150 thousand for retired members being provided a one-time (13th check) in September 2013, rather than a 1.0 percent COLA on January 1, 2014.

²Plan Provision Changes include the additional liability associated with the expected annuitization of Annuity Savings Account (ASA) balances being eliminated as of June 30, 2013, due to the Board's decision to modify ASA annuitizations starting October 1, 2014.

Solvency Test

(dollars in thousands)

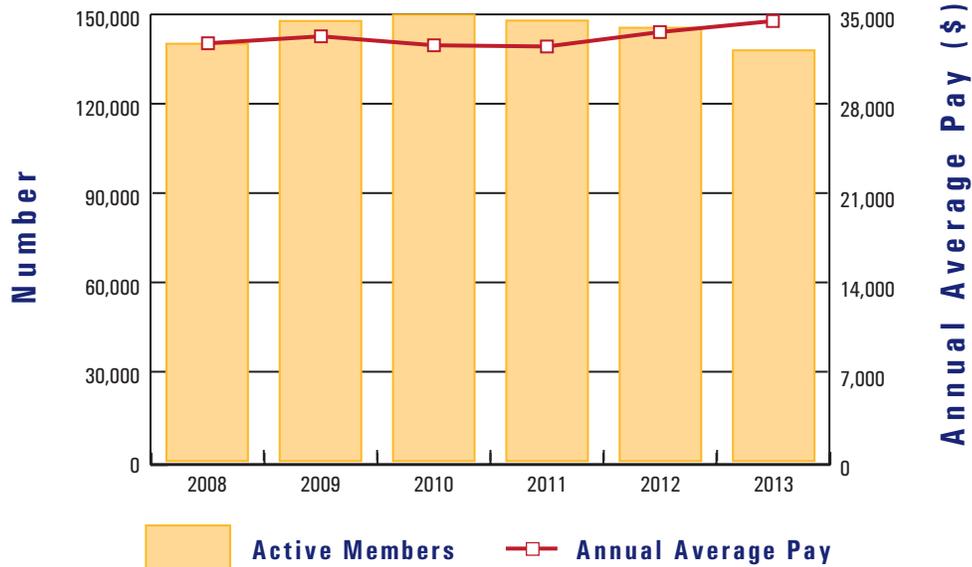
| Fiscal Year Ended June 30 | Actuarial Accrued Liabilities | | | | Actuarial Value of Assets | Portion of Actuarial Accrued Liabilities Covered by Assets | | | |
|---------------------------|-------------------------------|----------------------------|---|-------------------------------------|---------------------------|--|----------------------------|---|-------------------------------------|
| | Active Member Contributions | Retirees and Beneficiaries | Active Member (Employer Financed Portion) | Total Actuarial Accrued Liabilities | | Active Member Contributions | Retirees and Beneficiaries | Active Member (Employer Financed Portion) | Total Actuarial Accrued Liabilities |
| 2008 | \$ 2,694,331 | \$ 4,227,366 | \$ 6,181,524 | \$ 13,103,221 | \$ 12,780,116 | 100.0% | 100.0% | 94.8% | 97.5% |
| 2009 | 2,669,318 | 4,611,257 | 6,225,705 | 13,506,280 | 12,569,336 | 100.0 | 100.0 | 85.0 | 93.1 |
| 2010 | 2,780,570 | 4,931,592 | 6,793,890 | 14,506,052 | 12,357,199 | 100.0 | 100.0 | 68.4 | 85.2 |
| 2011 | 2,805,023 | 5,370,786 | 6,737,338 | 14,913,147 | 12,000,586 | 100.0 | 100.0 | 56.8 | 80.5 |
| 2012 | 2,749,449 | 5,895,779 | 7,139,012 | 15,784,240 | 12,088,225 | 100.0 | 100.0 | 48.2 | 76.6 |
| 2013 | 2,796,103 | 6,367,819 | 6,981,759 | 16,145,681 | 12,947,283 | 100.0 | 100.0 | 54.2 | 80.2 |

Schedule of Active Members Valuation Data

(dollars in thousands – except annual average pay)

| Fiscal Year Ended June 30 | Active Members | Annual Payroll | Annual Average Pay | Annual Percent Increase / (Decrease) In Average Pay |
|---------------------------|----------------|----------------|--------------------|---|
| 2008 | 140,146 | \$ 4,600,354 | \$ 32,825 | 3.9 % |
| 2009 | 147,792 | 4,931,423 | 33,367 | 1.7 |
| 2010 | 149,877 | 4,896,013 | 32,667 | (2.1) |
| 2011 | 147,933 | 4,818,774 | 32,574 | (0.3) |
| 2012 | 145,519 | 4,904,052 | 33,700 | 3.5 |
| 2013 | 137,937 | 4,766,910 | 34,559 | 2.5 |

Total Number of Active Members Per Year and Annual Average Pay



Schedule of Retirants and Beneficiaries

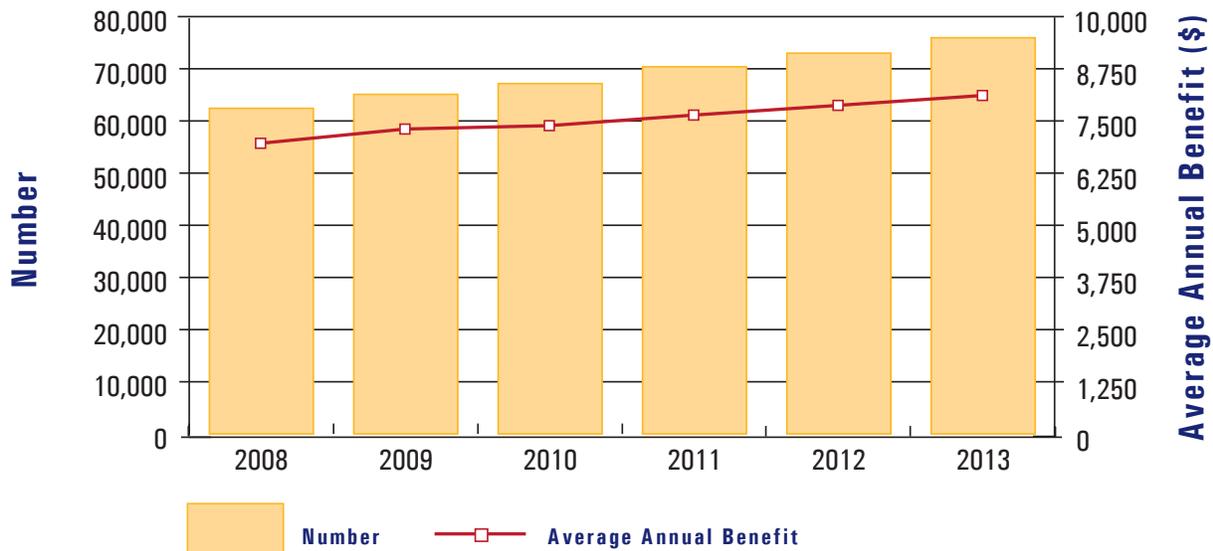
(dollars in thousands – except average annual benefit)

| Fiscal Year Ended June 30 | Added to Rolls | | Removed from Rolls | | Rolls – End of Year | | Percent Increase / (Decrease) in Total Annual Benefits | Average Annual Benefit ² |
|---------------------------|----------------|-----------------|--------------------|-----------------|---------------------|------------------------------------|--|-------------------------------------|
| | Number | Annual Benefits | Number | Annual Benefits | Number | Total Annual Benefits ¹ | | |
| 2008 | 5,376 | \$ 43,915 | 3,284 | \$ 18,022 | 62,424 | \$ 436,749 | 5.8% | \$ 6,996 |
| 2009 | 6,047 | 55,726 | 3,372 | 19,103 | 65,099 | 477,553 | 9.3 | 7,336 |
| 2010 | 4,827 | 39,214 | 2,760 | 19,022 | 67,166 | 498,199 | 4.3 | 7,417 |
| 2011 | 5,402 | 56,185 | 2,188 | 11,698 | 70,380 | 539,747 | 8.3 | 7,669 |
| 2012 | 4,751 | 49,766 | 2,139 | 12,540 | 72,992 | 576,678 | 6.8 | 7,901 |
| 2013 | 5,231 | 55,523 | 2,273 | 13,898 | 75,950 | 617,977 | 7.2 | 8,137 |

¹End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.

²Average annual benefit includes member annuities.

Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



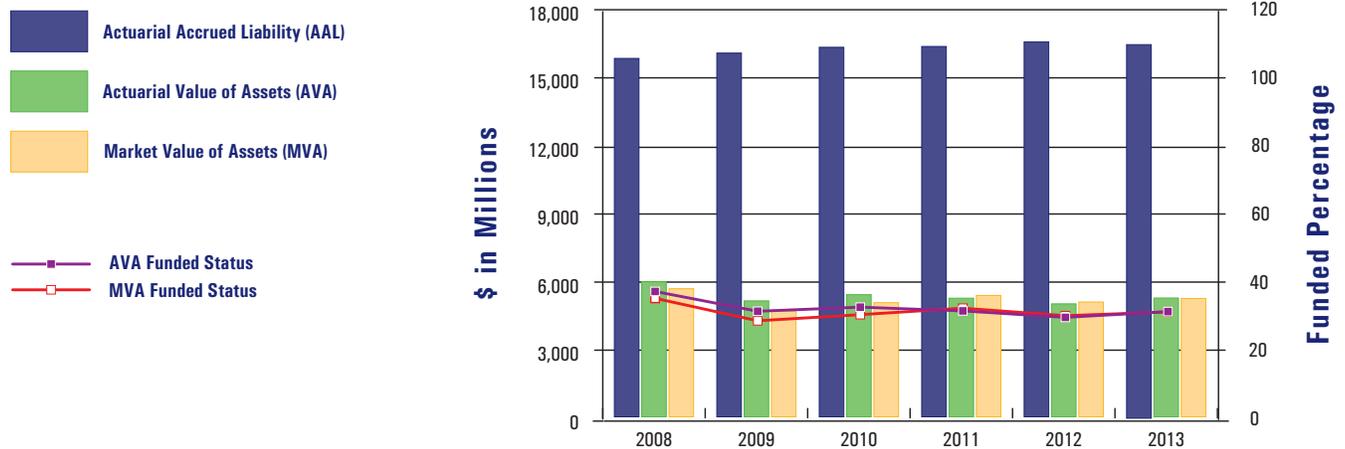
Changes in Plan Provisions

For the June 30, 2013 valuation, the following plan provision changes were incorporated:

- The liability associated with expected annuitization of Annuity Savings Account (ASA) balances was eliminated as of June 30, 2013, due to the Board's decision to modify ASA annuitizations starting October 1, 2014.
- Beginning March 1, 2013, new PERF State employees have the option to participate in the PERF ASA-Only Plan instead of the PERF Hybrid Plan.

Historical Summary of Actuarial Valuation Results by Retirement Plan

Pre-1996 Account



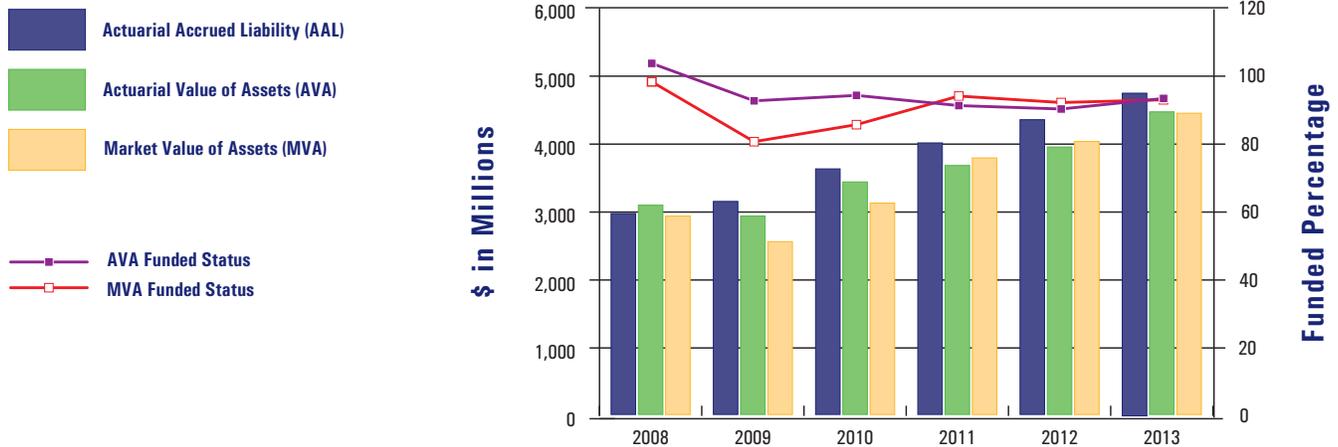
(dollars in millions)

Fiscal Year Ended June 30

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Actuarial Accrued Liability (AAL) | \$ 15,792.3 | \$ 16,027.1 | \$ 16,282.1 | \$ 16,318.4 | \$ 16,522.0 | \$ 16,462.4 |
| Actuarial Value of Assets (AVA) | \$ 5,954.0 | \$ 5,109.1 | \$ 5,382.4 | \$ 5,227.4 | \$ 4,978.1 | \$ 5,235.1 |
| Unfunded Liability (AAL - AVA) | \$ 9,838.3 | \$ 10,918.0 | \$ 10,899.7 | \$ 11,091.0 | \$ 11,543.9 | \$ 11,227.3 |
| AVA Funded Status (AVA / AAL) | 37.7% | 31.9% | 33.1% | 32.0% | 30.1% | 31.8% |
| Market Value of Assets (MVA) | \$ 5,644.2 | \$ 4,655.9 | \$ 5,029.5 | \$ 5,345.9 | \$ 5,058.9 | \$ 5,215.2 |
| MVA Funded Status (MVA / AAL) | 35.7% | 29.1% | 30.9% | 32.8% | 30.6% | 31.7% |

Historical Summary of Actuarial Valuation Results by Retirement Plan, continued

1996 Account



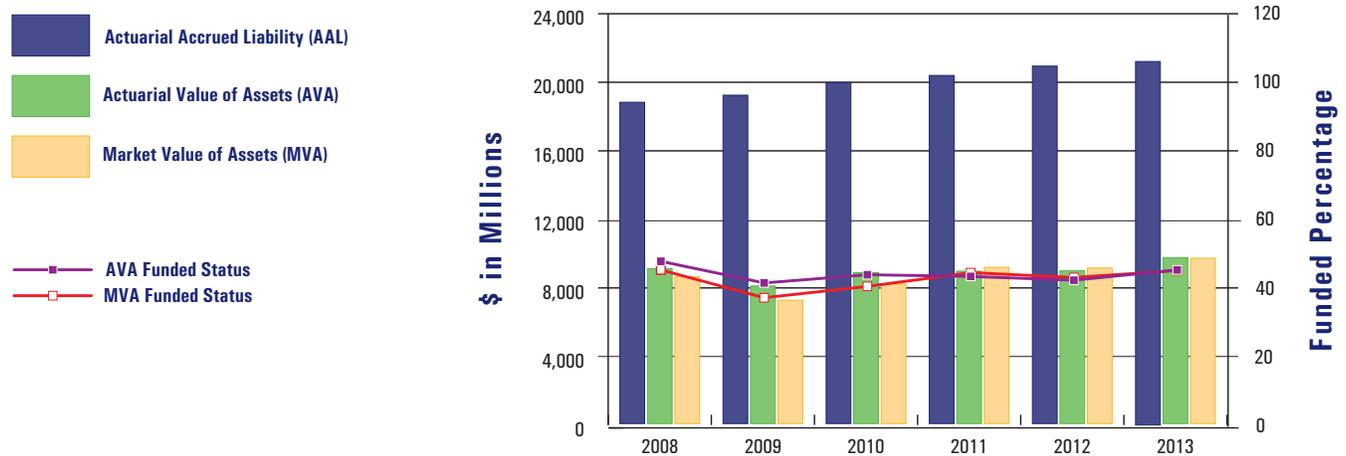
(dollars in millions)

Fiscal Year Ended June 30

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------------------|------------|------------|------------|------------|------------|------------|
| Actuarial Accrued Liability (AAL) | \$ 2,957.8 | \$ 3,135.5 | \$ 3,614.6 | \$ 3,996.8 | \$ 4,338.3 | \$ 4,749.3 |
| Actuarial Value of Assets (AVA) | \$ 3,080.1 | \$ 2,920.7 | \$ 3,422.6 | \$ 3,664.6 | \$ 3,936.4 | \$ 4,453.8 |
| Unfunded Liability (AAL - AVA) | \$ (122.3) | \$ 214.8 | \$ 192.0 | \$ 332.2 | \$ 401.9 | \$ 295.5 |
| AVA Funded Status (AVA / AAL) | 104.1% | 93.1% | 94.7% | 91.7% | 90.7% | 93.8% |
| Market Value of Assets (MVA) | \$ 2,919.8 | \$ 2,543.2 | \$ 3,111.3 | \$ 3,775.8 | \$ 4,018.2 | \$ 4,433.7 |
| MVA Funded Status (MVA / AAL) | 98.7% | 81.1% | 86.1% | 94.5% | 92.6% | 93.4% |

Historical Summary of Actuarial Valuation Results by Retirement Plan, continued

Total



(dollars in millions)

Fiscal Year Ended June 30

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Actuarial Accrued Liability (AAL) | \$ 18,750.1 | \$ 19,162.6 | \$ 19,896.7 | \$ 20,315.2 | \$ 20,860.3 | \$ 21,211.7 |
| Actuarial Value of Assets (AVA) | \$ 9,034.1 | \$ 8,029.8 | \$ 8,805.0 | \$ 8,892.0 | \$ 8,914.5 | \$ 9,688.9 |
| Unfunded Liability (AAL - AVA) | \$ 9,716.0 | \$ 11,132.8 | \$ 11,091.7 | \$ 11,423.2 | \$ 11,945.8 | \$ 11,522.8 |
| AVA Funded Status (AVA / AAL) | 48.2% | 41.9% | 44.3% | 43.8% | 42.7% | 45.7% |
| Market Value of Assets (MVA) | \$ 8,564.0 | \$ 7,199.1 | \$ 8,140.8 | \$ 9,121.7 | \$ 9,077.1 | \$ 9,648.9 |
| MVA Funded Status (MVA / AAL) | 45.7% | 37.6% | 40.9% | 44.9% | 43.5% | 45.5% |

Summary of Actuarial Assumptions and Methods as of June 30, 2013

The actuarial assumptions and methods used in the June 30, 2013 valuation of the Teachers' Retirement Fund were adopted by the INPRS Board in February 2013. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2007 through June 30, 2011, which were adopted by the INPRS Board in June 2012, and were first used in the June 30, 2012 valuation. The interest rate / investment return and mortality assumptions were updated for the June 30, 2012 valuation.

Changes in Actuarial Assumptions

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial assumptions from the actuarial valuation as of June 30, 2012.

Changes in Actuarial Methods

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial methods from the actuarial valuation as of June 30, 2012.

Actuarial Assumptions

Economic Assumptions

Interest Rate / Investment Return: 6.75 percent (net of administrative and investment expenses)

Cost of Living Increases: 1.0 percent per year in retirement

Future Salary Increases: Based on TRF 2007-2011 experience. Illustrative rates shown below:

| <u>Years of Service</u> | <u>Inflation</u> | <u>Merit and Seniority</u> | <u>Total Individual Salary Growth</u> |
|-------------------------|------------------|----------------------------|---------------------------------------|
| 1 | 3.00% | 9.50% | 12.50% |
| 5 | 3.00 | 4.00 | 7.00 |
| 10 | 3.00 | 2.75 | 5.75 |
| 15 | 3.00 | 1.50 | 4.50 |
| 20 | 3.00 | 0.25 | 3.25 |
| 25 | 3.00 | - | 3.00 |
| 30 | 3.00 | - | 3.00 |
| 35 | 3.00 | - | 3.00 |
| 40 | 3.00 | - | 3.00 |

Inflation: 3.0 percent per year

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Demographic Assumptions

Mortality (Healthy and Disabled): 2013 IRS Static Mortality projected five (5) years with Scale AA

Retirement: Based on TRF 2007-2011 experience. Sample probabilities are shown below:

| Regular Retirement | | Rule of 85 Retirement | | Early Retirement | |
|--------------------|-------------|-----------------------|-------------|------------------|-------------|
| Age | Probability | Age | Probability | Age | Probability |
| | | | | 50-53 | 2.0% |
| | | | | 54 | 5.0 |
| | | 55 | 10.0% | 55 | 5.0 |
| | | 56 | 10.0 | 56 | 5.0 |
| | | 57 | 10.0 | 57 | 5.0 |
| | | 58 | 12.5 | 58 | 5.0 |
| | | 59 | 15.0 | 59 | 10.0 |
| 60 | 17.5% | 60 | 17.5 | | |
| 61 | 20.0 | 61 | 20.0 | | |
| 62 | 25.0 | 62 | 25.0 | | |
| 63 | 25.0 | 63 | 25.0 | | |
| 64 | 25.0 | 64 | 25.0 | | |
| 65 | 30.0 | 65 | 30.0 | | |
| 66 | 30.0 | 66 | 30.0 | | |
| 67 | 30.0 | 67 | 30.0 | | |
| 68 | 30.0 | 68 | 30.0 | | |
| 69 | 30.0 | 69 | 30.0 | | |
| 70 | 100.0 | 70 | 100.0 | | |

Termination: Based on TRF 2007-2011 experience. Sample probabilities are shown below:

| Years of Service | Service Based | | Age Based ¹ | | |
|------------------|---------------|--------|------------------------|------|--------|
| | Male | Female | Attained Age | Male | Female |
| 0 | 35.0% | 35.0% | 25 | 2.0% | 3.5% |
| 1 | 14.0 | 14.0 | 30 | 2.0 | 3.5 |
| 2 | 11.0 | 11.0 | 35 | 2.0 | 3.0 |
| 3 | 8.0 | 9.0 | 40 | 2.0 | 2.0 |
| 4 | 6.0 | 8.0 | 45 | 2.0 | 2.0 |
| 5 | 4.5 | 7.0 | 50 | 2.0 | 2.0 |
| 6 | 4.0 | 6.0 | 55 | 2.0 | 2.0 |
| 7 | 4.0 | 5.0 | 60 | 2.0 | 2.0 |
| 8 | 3.5 | 4.5 | | | |
| 9 | 3.5 | 4.0 | | | |

¹Age-based rates apply only if 10 or more years of service.

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Disability:

Based on TRF 2007-2011 experience. Sample probabilities are shown below:

| Age | Male | Female |
|-----|-------|--------|
| 25 | 0.01% | 0.01% |
| 30 | 0.01 | 0.01 |
| 35 | 0.01 | 0.01 |
| 40 | 0.01 | 0.01 |
| 45 | 0.02 | 0.02 |
| 50 | 0.05 | 0.05 |
| 55 | 0.09 | 0.09 |
| 60 | 0.10 | 0.10 |

Spouse/Beneficiary:

100 percent of members are assumed to be married for purposes of valuing death-in-service benefits.

Male spouses are assumed to be three (3) years older than female spouses.

Actuarial Methods

Actuarial Cost Method:

Entry Age Normal – Level Percent of Payroll

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year-to-year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Asset Valuation Method:

The Actuarial Value of Assets (AVA) is equal to a four-year smoothing of gains and losses on the Market Value of Assets (MVA), subject to a 20 percent corridor. Accordingly, the AVA is limited to no more than 20 percent greater than or 20 percent less than the MVA.

Analysis of Financial Experience

(dollars in thousands)

| | Pre-1996 Account | 1996 Account | Total |
|---|----------------------|-------------------|----------------------|
| Unfunded Actuarial Accrued Liability (UAAL): June 30, 2012 | \$ 11,543,908 | \$ 401,854 | \$ 11,945,762 |
| UAAL (Gain) / Loss | | | |
| Actuarial Value of Assets Experience | (94,113) | (85,500) | (179,613) |
| Actuarial Accrued Liabilities Experience ¹ | (40,719) | (15,995) | (56,714) |
| Amortization of Existing Bases ² | (181,801) | (4,819) | (186,620) |
| Actuarial Assumption & Methodology Changes ³ | 52,418 | 34,003 | 86,421 |
| Plan Provision Changes ⁴ | (52,418) | (34,003) | (86,421) |
| Unfunded Actuarial Accrued Liability (UAAL): June 30, 2013 | \$ 11,227,275 | \$ 295,540 | \$ 11,522,815 |

¹Actuarial Accrued Liabilities Experience includes a gain of approximately \$75,119 thousand for retired members being provided a one-time (13th check) in August 2013, rather than a 1.0 percent COLA on January 1, 2014.

²Includes a State appropriation of \$206,796 thousand received during FY2013 in accordance with Legislation passed in March 2012.

³Actuarial methodology change for recognition of the cost of future Annuity Savings Account (ASA) conversions to annuities at 7.5 percent versus the valuation interest rate of 6.75 percent.

⁴Plan Provision Changes include the additional liability associated with the expected annuitization of Annuity Savings Account (ASA) balances being eliminated as of June 30, 2013, due to the Board's decision to modify ASA annuitizations starting October 1, 2014.

Teachers' Retirement Fund



Solvency Test

(dollars in thousands)

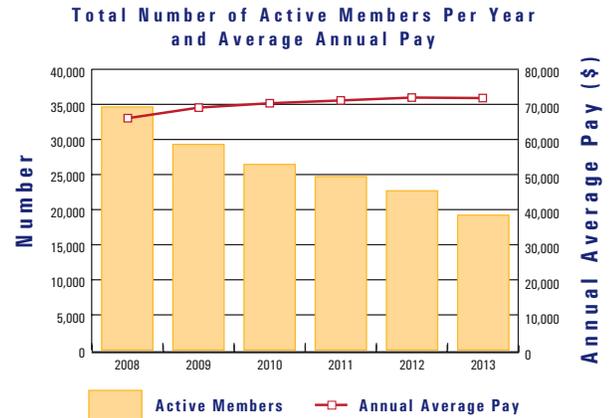
| Fiscal Year Ended June 30 | Actuarial Accrued Liabilities | | | | Actuarial Value of Assets | Portion of Actuarial Accrued Liabilities Covered by Assets | | | |
|---------------------------|-------------------------------|----------------------------|---|-------------------------------------|---------------------------|--|----------------------------|---|-------------------------------------|
| | Active Member Contributions | Retirees and Beneficiaries | Active Member (Employer Financed Portion) | Total Actuarial Accrued Liabilities | | Active Member Contributions | Retirees and Beneficiaries | Active Member (Employer Financed Portion) | Total Actuarial Accrued Liabilities |
| Pre-1996 Account | | | | | | | | | |
| 2008 | \$ 2,613,138 | \$ 7,244,422 | \$ 5,934,745 | \$ 15,792,305 | \$ 5,953,991 | 100.0% | 46.1% | 0.0% | 37.7% |
| 2009 | 2,389,886 | 7,891,346 | 5,745,861 | 16,027,093 | 5,109,086 | 100.0 | 34.5 | 0.0 | 31.9 |
| 2010 | 2,353,715 | 8,153,240 | 5,775,111 | 16,282,066 | 5,382,410 | 100.0 | 37.1 | 0.0 | 33.1 |
| 2011 | 2,015,580 | 8,776,916 | 5,525,908 | 16,318,404 | 5,227,402 | 100.0 | 36.6 | 0.0 | 32.0 |
| 2012 | 1,782,353 | 9,451,792 | 5,287,870 | 16,522,015 | 4,978,107 | 100.0 | 33.8 | 0.0 | 30.1 |
| 2013 | 1,636,978 | 10,254,953 | 4,570,448 | 16,462,379 | 5,235,104 | 100.0 | 35.1 | 0.0 | 31.8 |
| 1996 Account | | | | | | | | | |
| 2008 | \$ 649,840 | \$ 514,933 | \$ 1,792,985 | \$ 2,957,758 | \$ 3,080,057 | 100.0% | 100.0% | 100.0% | 104.1% |
| 2009 | 655,843 | 432,942 | 2,046,748 | 3,135,533 | 2,920,735 | 100.0 | 100.0 | 89.5 | 93.1 |
| 2010 | 750,575 | 483,117 | 2,380,867 | 3,614,559 | 3,422,554 | 100.0 | 100.0 | 91.9 | 94.7 |
| 2011 | 840,341 | 562,445 | 2,594,053 | 3,996,839 | 3,664,657 | 100.0 | 100.0 | 87.2 | 91.7 |
| 2012 | 882,942 | 662,558 | 2,792,809 | 4,338,309 | 3,936,455 | 100.0 | 100.0 | 85.6 | 90.7 |
| 2013 | 975,309 | 798,486 | 2,975,573 | 4,749,368 | 4,453,828 | 100.0 | 100.0 | 90.1 | 93.8 |
| Total | | | | | | | | | |
| 2008 | \$ 3,262,978 | \$ 7,759,355 | \$ 7,727,730 | \$ 18,750,063 | \$ 9,034,048 | 100.0% | 74.4% | 0.0% | 48.2% |
| 2009 | 3,045,729 | 8,324,288 | 7,792,609 | 19,162,626 | 8,029,821 | 100.0 | 59.9 | 0.0 | 41.9 |
| 2010 | 3,104,290 | 8,636,357 | 8,155,978 | 19,896,625 | 8,804,964 | 100.0 | 66.0 | 0.0 | 44.3 |
| 2011 | 2,855,921 | 9,339,361 | 8,119,961 | 20,315,243 | 8,892,059 | 100.0 | 64.6 | 0.0 | 43.8 |
| 2012 | 2,665,295 | 10,114,350 | 8,080,679 | 20,860,324 | 8,914,562 | 100.0 | 61.8 | 0.0 | 42.7 |
| 2013 | 2,612,287 | 11,053,439 | 7,546,021 | 21,211,747 | 9,688,932 | 100.0 | 64.0 | 0.0 | 45.7 |

Schedule of Active Members Valuation Data

(dollars in thousands – except annual average pay)

Pre-1996 Account

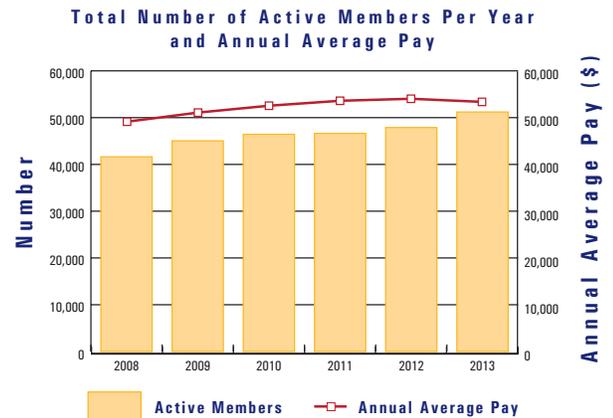
| Fiscal Year Ended June 30 | Active Members | Annual Payroll | Annual Average Pay | Annual Percent Increase / (Decrease) In Average Pay |
|---------------------------|----------------|----------------|--------------------|---|
| 2008 | 34,628 | \$ 2,295,816 | \$ 66,299 | 1.9 % |
| 2009 | 29,297 | 2,030,484 | 69,307 | 4.5 |
| 2010 | 26,439 | 1,865,102 | 70,544 | 1.8 |
| 2011 | 24,710 | 1,762,750 | 71,338 | 1.1 |
| 2012 | 22,688 | 1,637,066 | 72,156 | 1.1 |
| 2013 | 19,210 | 1,383,428 | 72,016 | (0.2) |



(dollars in thousands – except annual average pay)

1996 Account

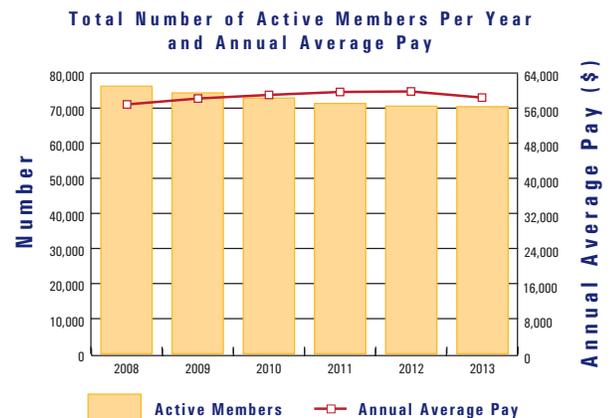
| Fiscal Year Ended June 30 | Active Members | Annual Payroll | Annual Average Pay | Annual Percent Increase / (Decrease) In Average Pay |
|---------------------------|----------------|----------------|--------------------|---|
| 2008 | 41,628 | \$ 2,052,720 | \$ 49,311 | 2.5 % |
| 2009 | 45,046 | 2,308,548 | 51,249 | 3.9 |
| 2010 | 46,433 | 2,447,509 | 52,711 | 2.9 |
| 2011 | 46,633 | 2,507,193 | 53,764 | 2.0 |
| 2012 | 47,885 | 2,594,952 | 54,191 | 0.8 |
| 2013 | 51,204 | 2,740,940 | 53,530 | (1.2) |



(dollars in thousands – except annual average pay)

Total

| Fiscal Year Ended June 30 | Active Members | Annual Payroll | Annual Average Pay | Annual Percent Increase / (Decrease) In Average Pay |
|---------------------------|----------------|----------------|--------------------|---|
| 2008 | 76,256 | \$ 4,348,536 | \$ 57,025 | 1.3 % |
| 2009 | 74,343 | 4,339,032 | 58,365 | 2.3 |
| 2010 | 72,872 | 4,312,611 | 59,181 | 1.4 |
| 2011 | 71,343 | 4,269,943 | 59,851 | 1.1 |
| 2012 | 70,573 | 4,232,018 | 59,967 | 0.2 |
| 2013 | 70,414 | 4,124,368 | 58,573 | (2.3) |



Schedule of Retirants and Beneficiaries

Pre-1996 Account

(dollars in thousands – except average annual benefit)

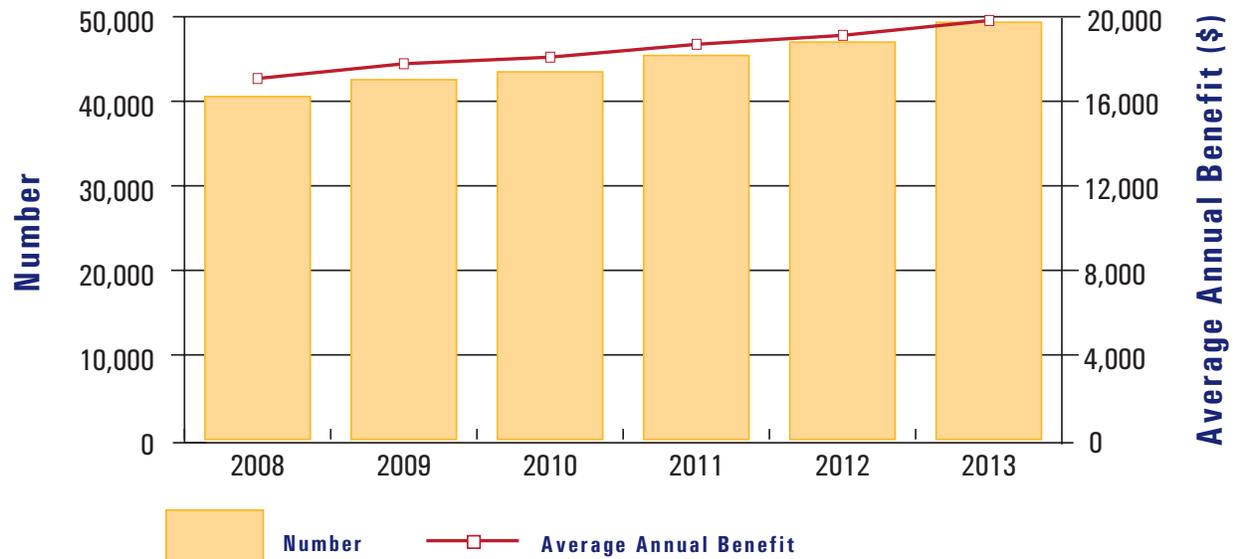
| Fiscal Year Ended June 30 | Added to Rolls | | Removed from Rolls | | Rolls – End of Year | | Percent Increase / (Decrease) in Total Annual Benefits | Average Annual Benefit ² |
|---------------------------|----------------|-----------------|--------------------|-----------------|---------------------|------------------------------------|--|-------------------------------------|
| | Number | Annual Benefits | Number | Annual Benefits | Number | Total Annual Benefits ¹ | | |
| 2008 ³ | 2,296 | \$ 52,167 | 966 | \$ 11,026 | 40,554 | \$ 701,155 | 6.5% | \$ 17,289 |
| 2009 ³ | 2,344 | 56,819 | 929 | 11,062 | 42,548 | 762,067 | 8.7 | 17,911 |
| 2010 | 1,940 | 47,657 | 1,010 | 11,982 | 43,478 | 790,773 | 3.8 | 18,188 |
| 2011 | 3,003 | 77,290 | 1,060 | 13,121 | 45,421 | 850,711 | 7.6 | 18,729 |
| 2012 | 2,541 | 63,923 | 962 | 12,216 | 47,000 | 898,006 | 5.6 | 19,107 |
| 2013 | 3,422 | 93,605 | 1,077 | 14,524 | 49,345 | 973,635 | 8.4 | 19,731 |

¹End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.

²Average annual benefit includes member annuities.

³The end of year number of benefit recipients are not equal to prior end of year number of benefit recipients plus additions less removals due to reclassifications between Pre-1996 Account and 1996 Account.

Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



Schedule of Retirants and Beneficiaries, continued

1996 Account

(dollars in thousands – except average annual benefit)

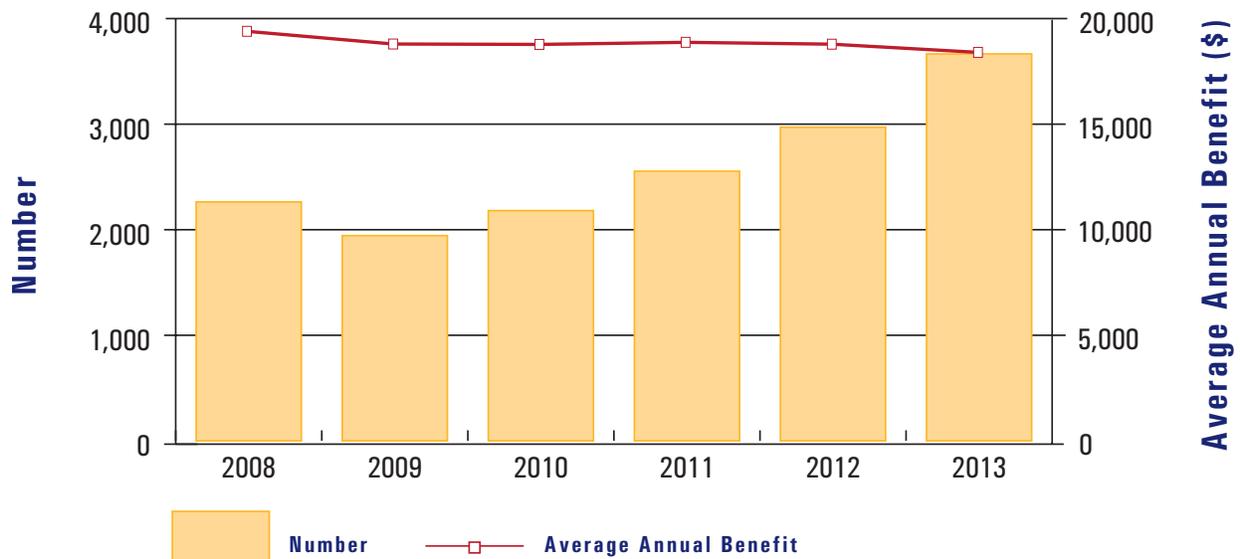
| Fiscal Year Ended June 30 | Added to Rolls | | Removed from Rolls | | Rolls – End of Year | | Percent Increase / (Decrease) in Total Annual Benefits | Average Annual Benefit ² |
|---------------------------|----------------|-----------------|--------------------|-----------------|---------------------|------------------------------------|--|-------------------------------------|
| | Number | Annual Benefits | Number | Annual Benefits | Number | Total Annual Benefits ¹ | | |
| 2008 ³ | 255 | \$ 5,126 | 21 | \$ 316 | 2,263 | \$ 43,482 | 17.5% | \$ 19,214 |
| 2009 ³ | 270 | 5,145 | 10 | 119 | 1,944 | 36,312 | (16.5) | 18,679 |
| 2010 | 249 | 4,859 | 12 | 129 | 2,181 | 40,701 | 12.1 | 18,662 |
| 2011 | 390 | 7,666 | 17 | 253 | 2,554 | 47,887 | 17.7 | 18,750 |
| 2012 | 433 | 8,132 | 16 | 236 | 2,971 | 55,475 | 15.8 | 18,672 |
| 2013 | 712 | 12,216 | 18 | 251 | 3,665 | 67,169 | 21.1 | 18,327 |

¹End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.

²Average annual benefit includes member annuities.

³The end of year number of benefit recipients are not equal to prior end of year number of benefit recipients plus additions less removals due to reclassifications between Pre-1996 Account and 1996 Account.

Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



Schedule of Retirants and Beneficiaries, continued

Total

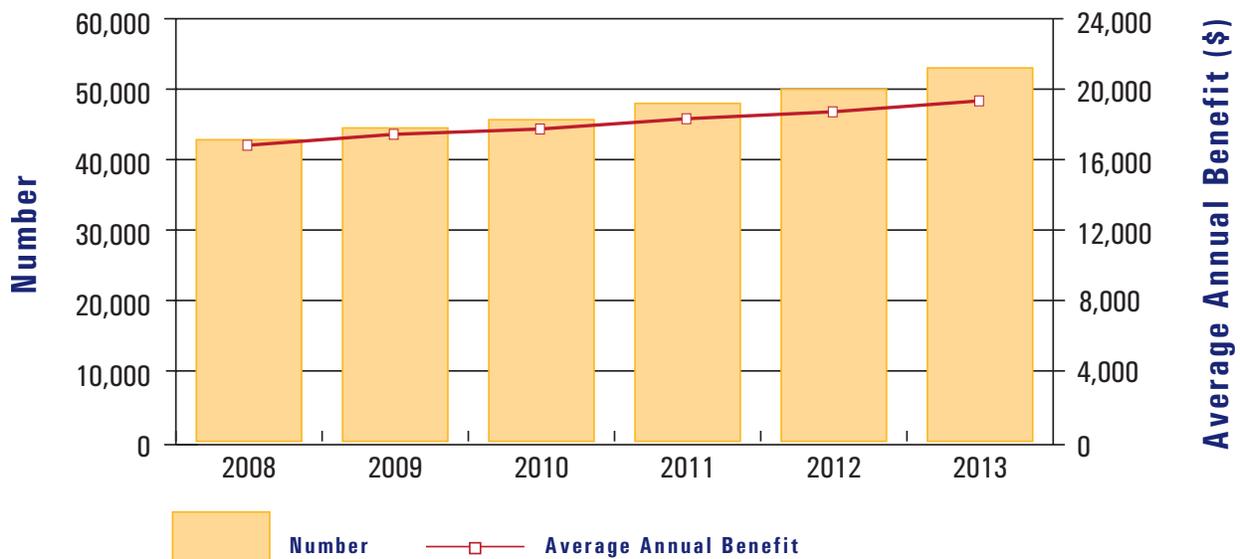
(dollars in thousands – except average annual benefit)

| Fiscal Year Ended June 30 | Added to Rolls | | Removed from Rolls | | Rolls – End of Year | | Percent Increase / (Decrease) in Total Annual Benefits | Average Annual Benefit ² |
|---------------------------|----------------|-----------------|--------------------|-----------------|---------------------|------------------------------------|--|-------------------------------------|
| | Number | Annual Benefits | Number | Annual Benefits | Number | Total Annual Benefits ¹ | | |
| 2008 | 2,551 | \$ 57,293 | 987 | \$ 11,342 | 42,817 | \$ 744,637 | 7.1% | \$ 17,391 |
| 2009 | 2,614 | 61,964 | 939 | 11,181 | 44,492 | 798,379 | 7.2 | 17,944 |
| 2010 | 2,189 | 52,516 | 1,022 | 12,111 | 45,659 | 831,474 | 4.1 | 18,211 |
| 2011 | 3,393 | 84,956 | 1,077 | 13,374 | 47,975 | 898,598 | 8.1 | 18,731 |
| 2012 | 2,974 | 72,055 | 978 | 12,452 | 49,971 | 953,481 | 6.1 | 19,081 |
| 2013 | 4,134 | 105,821 | 1,095 | 14,775 | 53,010 | 1,040,804 | 9.2 | 19,634 |

¹End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.

²Average annual benefit includes member annuities.

Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



Changes in Plan Provisions

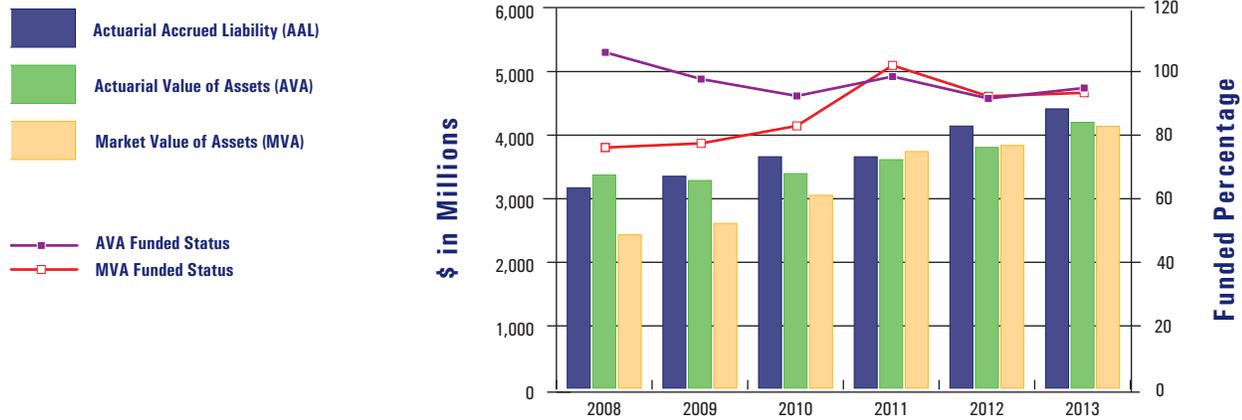
For the June 30, 2013 valuation, the following plan provision change was incorporated:

- The liability associated with expected annuitization of Annuity Savings Account (ASA) balances was eliminated as of June 30, 2013, due to the Board's decision to modify ASA annuitizations starting October 1, 2014.

1977 Police Officers' and Firefighters' Pension and Disability Fund



Historical Summary of Actuarial Valuation Results by Retirement Plan



(dollars in millions)

Fiscal Year Ended June 30

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------------------|------------|------------|------------|------------|------------|------------|
| Actuarial Accrued Liability (AAL) | \$ 3,150.8 | \$ 3,332.7 | \$ 3,639.6 | \$ 3,639.0 | \$ 4,122.4 | \$ 4,392.9 |
| Actuarial Value of Assets (AVA) | \$ 3,352.7 | \$ 3,265.6 | \$ 3,374.4 | \$ 3,593.8 | \$ 3,786.6 | \$ 4,180.7 |
| Unfunded Liability (AAL - AVA) | \$ (201.9) | \$ 67.1 | \$ 265.2 | \$ 45.2 | \$ 335.8 | \$ 212.2 |
| AVA Funded Status (AVA / AAL) | 106.4 % | 98.0% | 92.7% | 98.8% | 91.9% | 95.2% |
| Market Value of Assets (MVA) | \$ 2,410.8 | \$ 2,591.7 | \$ 3,033.3 | \$ 3,721.4 | \$ 3,817.0 | \$ 4,116.9 |
| MVA Funded Status (MVA / AAL) | 76.5 % | 77.8% | 83.3% | 102.3% | 92.6% | 93.7% |

Summary of Actuarial Assumptions and Methods as of June 30, 2013

The actuarial assumptions and methods used in the June 30, 2013 valuation of the 1977 Police Officers' and Firefighters' Pension and Disability Fund were adopted by the INPRS Board in February 2013. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2005 through June 30, 2010, which were adopted by the INPRS Board in September 2011, and were first used in the June 30, 2011 valuation. The interest rate / investment return and mortality assumptions were updated for the June 30, 2012 valuation.

Changes in Actuarial Assumptions

For the actuarial valuation as of June 30, 2013, the interest crediting rate assumption on member contribution balances was lowered from 5.5 percent to 3.5 percent.

Changes in Actuarial Methods

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial methods from the actuarial valuation as of June 30, 2012.

Actuarial Assumptions

Economic Assumptions

| | |
|------------------------------------|--|
| Interest Rate / Investment Return: | 6.75 percent (net of administrative and investment expenses) |
| Interest on Member Contributions: | 3.5 percent per year |
| Cost of Living Increases: | 2.25 percent per year in retirement |
| Future Salary Increases: | 3.25 percent per year |
| Inflation: | 3.0 percent per year |

Demographic Assumptions

| | |
|-----------------------------------|--|
| Mortality (Healthy and Disabled): | 2013 IRS Static Mortality projected five (5) years with Scale AA |
| Retirement: | Based on 2005-2010 experience. Illustrative rates shown below: |

| <u>Ages</u> | <u>Service < 32</u> | <u>Service > =32</u> |
|-------------|------------------------|-------------------------|
| 45-51 | 10% | 100% |
| 52-57 | 10 | 20 |
| 58-61 | 15 | 20 |
| 62-64 | 20 | 20 |
| 65-69 | 50 | 50 |
| 70+ | 100 | 100 |

1977 Police Officers' and Firefighters' Pension and Disability Fund



Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Termination:

Based on 2005-2010 experience. Illustrative rates shown below:

| Service | Rate | Service | Rate |
|---------|-------|---------|------|
| 0 | 40.0% | 7-9 | 2.0% |
| 1 | 20.0 | 10-14 | 1.5 |
| 2 | 5.0 | 15-19 | 1.0 |
| 3 | 4.0 | 20+ | 1.5 |
| 4 | 3.5 | | |
| 5 | 3.0 | | |
| 6 | 2.5 | | |

Disability:

Based on 2005-2010 experience. Illustrative rates shown below:

| Age | Rate |
|-----|--------|
| 20 | 0.000% |
| 25 | 0.075 |
| 30 | 0.150 |
| 35 | 0.200 |
| 40 | 0.400 |
| 45+ | 0.700 |

Spouse/Beneficiary:

80 percent of male members and 50 percent of female members are assumed to be married or to have a dependent beneficiary. Male members are assumed to be three (3) years older than females and female members are assumed to be the same age as males.

Disability Retirement:

For members hired after 1989 that become disabled, impairments are assumed to be 45 percent Class 1 (at 65 percent of salary), 10 percent Class 2 (at 50 percent of salary), and 45 percent Class 3 (at 36 percent of salary).

Pre-Retirement Death:

Of active member deaths, 10 percent are assumed to be in the line of duty and 90 percent are other than in the line of duty. Additionally, all deaths among retired and disabled members are other than in the line of duty.

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Actuarial Methods

Actuarial Cost Method:

Entry Age Normal – Level Percent of Payroll

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year-to-year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Asset Valuation Method:

The Actuarial Value of Assets (AVA) is equal to a four-year smoothing of gains and losses on the Market Value of Assets (MVA), subject to a 20 percent corridor. Accordingly, the AVA is limited to no more than 20 percent greater than or 20 percent less than the MVA.

Analysis of Financial Experience

(dollars in thousands)

| | UAAL |
|---|-------------------|
| Unfunded Actuarial Accrued Liability (UAAL): June 30, 2012 | \$ 335,841 |
| <u>UAAL (Gain) / Loss</u> | |
| Actuarial Value of Assets Experience | (75,192) |
| Actuarial Accrued Liabilities Experience ¹ | (39,521) |
| Amortization of Existing Bases | (4,075) |
| Actuarial Assumption & Methodology Changes ² | (4,810) |
| Plan Provision Changes | - |
| Unfunded Actuarial Accrued Liability (UAAL): June 30, 2013 | \$ 212,243 |

¹Actuarial Accrued Liabilities Experience includes a gain of approximately \$6,159 thousand for a COLA of 1.7 percent effective July 1, 2013, rather than the assumed COLA of 2.25 percent.

²Actuarial assumption change that reduces the interest crediting rate on member contribution balances from 5.5 percent to 3.5 percent.

1977 Police Officers' and Firefighters' Pension and Disability Fund



Solvency Test

(dollars in thousands)

| Fiscal Year Ended June 30 | Actuarial Accrued Liabilities | | | | Actuarial Value of Assets | Portion of Actuarial Accrued Liabilities Covered by Assets | | | |
|---------------------------|-------------------------------|----------------------------|---|-------------------------------------|---------------------------|--|----------------------------|---|-------------------------------------|
| | Active Member Contributions | Retirees and Beneficiaries | Active Member (Employer Financed Portion) | Total Actuarial Accrued Liabilities | | Active Member Contributions | Retirees and Beneficiaries | Active Member (Employer Financed Portion) | Total Actuarial Accrued Liabilities |
| 2007 ¹ | \$ 498,662 | \$ 655,827 | \$ 1,734,806 | \$ 2,889,295 | \$ 3,281,480 | 100.0% | 100.0% | 100.0% | 113.6% |
| 2008 ¹ | 534,303 | 765,909 | 1,850,615 | 3,150,827 | 3,352,705 | 100.0 | 100.0 | 100.0 | 106.4 |
| 2009 | 571,534 | 793,167 | 1,967,985 | 3,332,686 | 3,265,598 | 100.0 | 100.0 | 96.6 | 98.0 |
| 2010 | 634,865 | 859,626 | 2,145,178 | 3,639,669 | 3,374,438 | 100.0 | 100.0 | 87.6 | 92.7 |
| 2011 | 679,849 | 970,676 | 1,988,431 | 3,638,956 | 3,593,787 | 100.0 | 100.0 | 97.7 | 98.8 |
| 2012 | 728,892 | 1,135,538 | 2,258,006 | 4,122,436 | 3,786,595 | 100.0 | 100.0 | 85.1 | 91.9 |
| 2013 | 782,124 | 1,288,457 | 2,322,366 | 4,392,947 | 4,180,704 | 100.0 | 100.0 | 90.9 | 95.2 |

¹As of December 31 instead of June 30.

1977 Police Officers' and Firefighters' Pension and Disability Fund



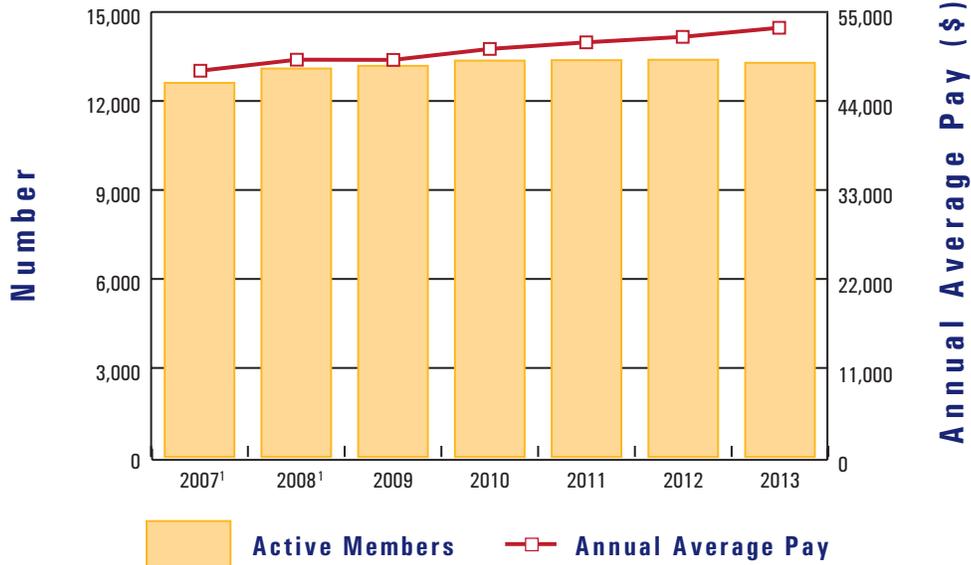
Schedule of Active Members Valuation Data

(dollars in thousands – except annual average pay)

| Fiscal Year Ended June 30 | Active Members | Annual Payroll | Annual Average Pay | Annual Percent Increase / (Decrease) In Average Pay |
|---------------------------|----------------|----------------|--------------------|---|
| 2007 ¹ | 12,611 | \$ 603,963 | \$ 47,892 | 3.5% |
| 2008 ¹ | 13,095 | 644,936 | 49,251 | 2.8 |
| 2009 | 13,184 | 649,018 | 49,228 | - |
| 2010 | 13,362 | 675,797 | 50,576 | 2.7 |
| 2011 | 13,376 | 687,342 | 51,386 | 1.6 |
| 2012 | 13,390 | 697,111 | 52,062 | 1.3 |
| 2013 | 13,287 | 706,603 | 53,180 | 2.1 |

¹As of December 31 instead of June 30.

Total Number of Active Members Per Year and Annual Average Pay



1977 Police Officers' and Firefighters' Pension and Disability Fund



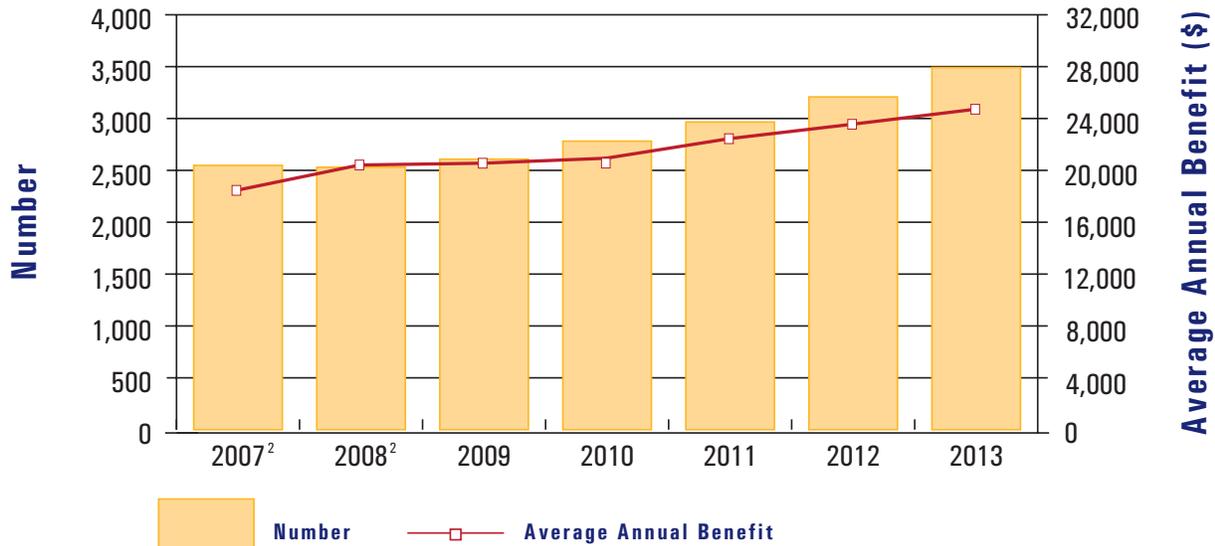
Schedule of Retirants and Beneficiaries

(dollars in thousands – except average annual benefit)

| Fiscal Year Ended June 30 | Added to Rolls | | Removed from Rolls | | Rolls – End of Year | | Percent Increase / (Decrease) in Total Annual Benefits | Average Annual Benefit ² |
|---------------------------|----------------|-----------------|--------------------|-----------------|---------------------|------------------------------------|--|-------------------------------------|
| | Number | Annual Benefits | Number | Annual Benefits | Number | Total Annual Benefits ¹ | | |
| 2007 ² | 333 | \$ 8,101 | 50 | \$ 886 | 2,548 | \$ 49,537 | 18.0% | \$ 19,442 |
| 2008 ² | 255 | 5,861 | 273 | 4,565 | 2,530 | 53,588 | 8.2 | 21,181 |
| 2009 | 102 | 2,571 | 24 | 479 | 2,608 | 55,564 | 3.7 | 21,305 |
| 2010 | 208 | 4,918 | 34 | 641 | 2,782 | 60,220 | 8.4 | 21,646 |
| 2011 | 218 | 6,179 | 34 | 609 | 2,966 | 68,179 | 13.2 | 22,987 |
| 2012 | 281 | 7,900 | 39 | 814 | 3,208 | 76,917 | 12.8 | 23,977 |
| 2013 | 326 | 10,098 | 43 | 845 | 3,491 | 87,301 | 13.5 | 25,008 |

¹End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.
²As of December 31 instead of June 30.

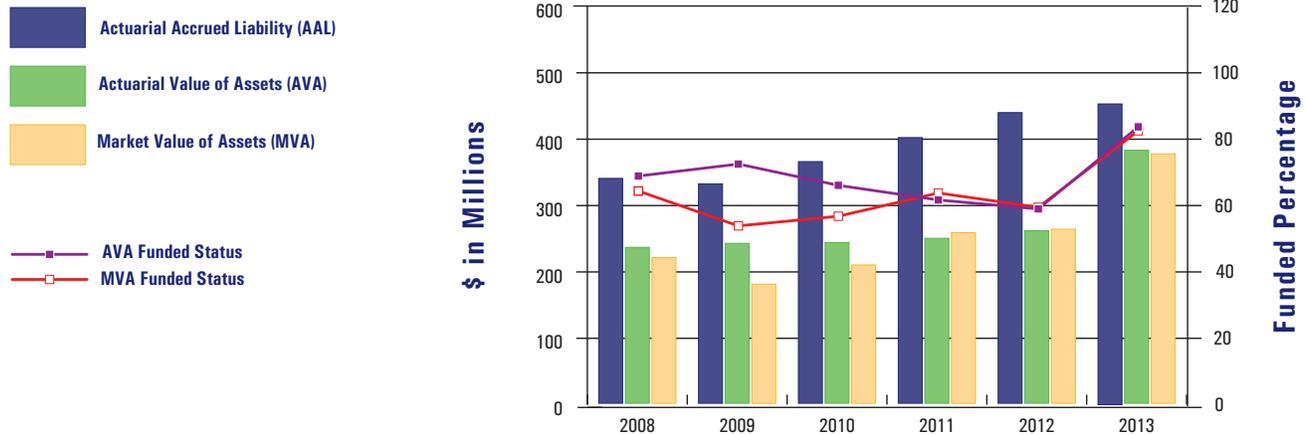
Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



Changes in Plan Provisions

There were no changes in plan provisions that impacted the pension benefits during the fiscal year.

Historical Summary of Actuarial Valuation Results by Retirement Plan



(dollars in millions)

Fiscal Year Ended June 30

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------------------|----------|----------|----------|----------|----------|----------|
| Actuarial Accrued Liability (AAL) | \$ 338.8 | \$ 330.6 | \$ 364.1 | \$ 400.3 | \$ 437.9 | \$ 453.1 |
| Actuarial Value of Assets (AVA) | \$ 234.9 | \$ 241.0 | \$ 242.1 | \$ 248.6 | \$ 260.1 | \$ 381.2 |
| Unfunded Liability (AAL - AVA) | \$ 103.9 | \$ 89.6 | \$ 122.0 | \$ 151.7 | \$ 177.8 | \$ 71.9 |
| AVA Funded Status (AVA / AAL) | 69.3% | 72.9% | 66.5% | 62.1% | 59.4% | 84.1% |
| Market Value of Assets (MVA) | \$ 219.4 | \$ 179.4 | \$ 208.4 | \$ 257.0 | \$ 262.3 | \$ 375.8 |
| MVA Funded Status (MVA / AAL) | 64.8% | 54.3% | 57.2% | 64.2% | 59.9% | 82.9% |

Summary of Actuarial Assumptions and Methods as of June 30, 2013

The actuarial assumptions and methods used in the June 30, 2013 valuation of the Judges' Retirement System were adopted by the INPRS Board in February 2013. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2005 through June 30, 2010, which were adopted by the INPRS Board in September 2011, and were first used in the June 30, 2011 valuation. The interest rate / investment return and mortality assumptions were updated for the June 30, 2012 valuation.

Changes in Actuarial Assumptions

For the actuarial valuation as of June 30, 2013, the interest crediting rate assumption on member contribution balances was increased from 0.0 percent to 3.5 percent.

Changes in Actuarial Methods

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial methods from the actuarial valuation as of June 30, 2012.

Actuarial Assumptions

Economic Assumptions

| | |
|------------------------------------|--|
| Interest Rate / Investment Return: | 6.75 percent (net of administrative and investment expenses) |
| Interest on Member Contributions: | 3.5 percent per year |
| Cost of Living Increases: | 4.0 percent per year in deferral and retirement |
| Future Salary Increases: | 4.0 percent per year |
| Inflation: | 3.0 percent per year |

Demographic Assumptions

| | |
|-----------------------------------|--|
| Mortality (Healthy and Disabled): | 2013 IRS Static Mortality projected five (5) years with Scale AA |
| Retirement: | Based on 2005-2010 experience. Rates shown below: |

| Age | Rate | Age | Rate |
|-------|------|-------|------|
| 55-61 | 20% | 65 | 50% |
| 62 | 25 | 66-74 | 30 |
| 63 | 15 | 75+ | 100 |
| 64 | 10 | | |

| | |
|--------------|---|
| Termination: | Based on 2005-2010 experience. Rates shown below: |
|--------------|---|

| Age | Rate |
|-------|------|
| 20-37 | 4% |
| 38-65 | 7 |
| 66+ | 4 |

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Disability:

1964 OASDI Table. Illustrative rates shown below:

| Age | Rate |
|-----|--------|
| 20 | 0.060% |
| 25 | 0.085 |
| 30 | 0.110 |
| 35 | 0.147 |
| 40 | 0.220 |
| 45 | 0.360 |
| 50 | 0.606 |
| 55 | 1.009 |
| 60 | 1.627 |
| 65+ | 0.000 |

Spouse/Beneficiary:

90 percent of members are assumed to be married or to have a dependent beneficiary. Male members are assumed to be four (4) years older than their spouses and female members are assumed to be two (2) years younger than their spouses.

Actuarial Methods

Actuarial Cost Method:

Entry Age Normal – Level Percent of Payroll

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year-to-year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Asset Valuation Method:

The Actuarial Value of Assets (AVA) is equal to a four-year smoothing of gains and losses on the Market Value of Assets (MVA), subject to a 20 percent corridor. Accordingly, the AVA is limited to no more than 20 percent greater than or 20 percent less than the MVA.

Analysis of Financial Experience

(dollars in thousands)

| | <u>UAAL</u> |
|---|-------------------|
| Unfunded Actuarial Accrued Liability (UAAL): June 30, 2012 | \$ 177,758 |
| <u>UAAL (Gain) / Loss</u> | |
| Actuarial Value of Assets Experience | 6,315 |
| Actuarial Accrued Liabilities Experience ¹ | (13,483) |
| Amortization of Existing Bases ² | (98,906) |
| Actuarial Assumption & Methodology Changes ³ | 186 |
| Plan Provision Changes | - |
| Unfunded Actuarial Accrued Liability (UAAL): June 30, 2013 | \$ 71,870 |

¹Actuarial Accrued Liabilities Experience includes a gain of approximately \$3,810 thousand for a COLA of 3.1 percent effective July 1, 2013, rather than the assumed COLA of 4.0 percent.

²Includes a State appropriation of \$90,187 thousand received during FY2013 in accordance with Legislation passed in March 2012.

³Actuarial assumption change that increases the interest crediting rate on member contribution balances from 0.0 percent to 3.5 percent.

Solvency Test

(dollars in thousands)

| Fiscal Year Ended June 30 | Actuarial Accrued Liabilities | | | | Actuarial Value of Assets | Portion of Actuarial Accrued Liabilities Covered by Assets | | | |
|---------------------------|-------------------------------|----------------------------|---|-------------------------------------|---------------------------|--|----------------------------|---|-------------------------------------|
| | Active Member Contributions | Retirees and Beneficiaries | Active Member (Employer Financed Portion) | Total Actuarial Accrued Liabilities | | Active Member Contributions | Retirees and Beneficiaries | Active Member (Employer Financed Portion) | Total Actuarial Accrued Liabilities |
| 2008 | \$ 22,243 | \$ 155,177 | \$ 161,329 | \$ 338,749 | \$ 234,881 | 100.0% | 100.0% | 35.6% | 69.3% |
| 2009 | 21,649 | 170,962 | 137,940 | 330,551 | 240,954 | 100.0 | 100.0 | 35.0 | 72.9 |
| 2010 | 23,138 | 182,023 | 158,962 | 364,123 | 242,143 | 100.0 | 100.0 | 23.3 | 66.5 |
| 2011 | 24,359 | 198,797 | 177,118 | 400,274 | 248,623 | 100.0 | 100.0 | 14.4 | 62.1 |
| 2012 | 27,699 | 205,341 | 204,814 | 437,854 | 260,096 | 100.0 | 100.0 | 13.2 | 59.4 |
| 2013 ¹ | 29,060 | 224,132 | 199,918 | 453,110 | 381,240 | 100.0 | 100.0 | 64.1 | 84.1 |

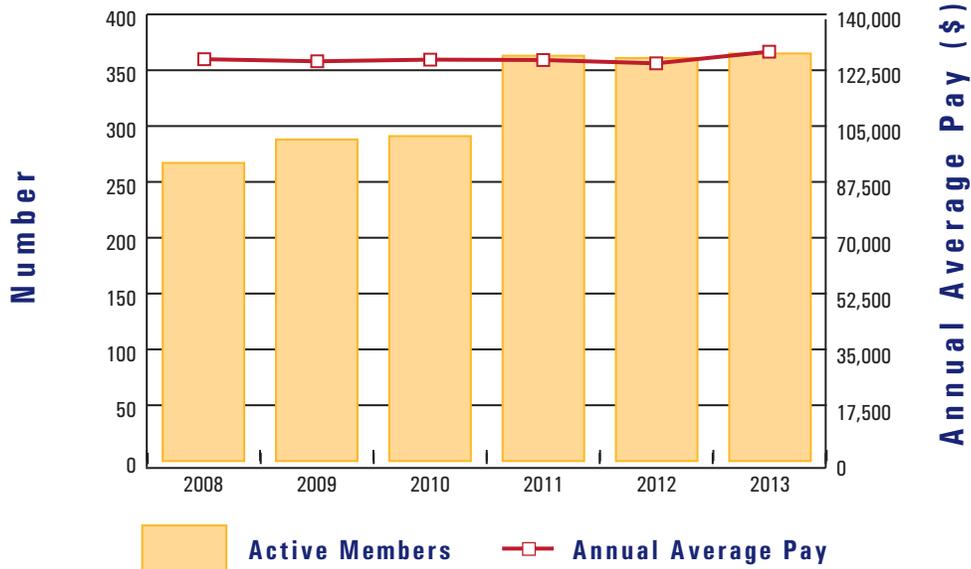
¹In accordance with Legislation passed during March 2012, the State appropriated \$90,187 thousand during FY2013 to reach a funded status of 80.0 percent based on the actuarial valuation as of June 30, 2012.

Schedule of Active Members Valuation Data

(dollars in thousands – except annual average pay)

| Fiscal Year Ended June 30 | Active Members | Annual Payroll | Annual Average Pay | Annual Percent Increase / (Decrease) In Average Pay |
|---------------------------|----------------|----------------|--------------------|---|
| 2008 | 267 | \$ 33,729 | \$ 126,327 | 9.7 % |
| 2009 | 288 | 36,196 | 125,680 | (0.5) |
| 2010 | 291 | 36,722 | 126,192 | 0.4 |
| 2011 | 363 | 45,764 | 126,072 | (0.1) |
| 2012 | 361 | 45,138 | 125,036 | (0.8) |
| 2013 | 365 | 46,967 | 128,676 | 2.9 |

Total Number of Active Members Per Year and Annual Average Pay



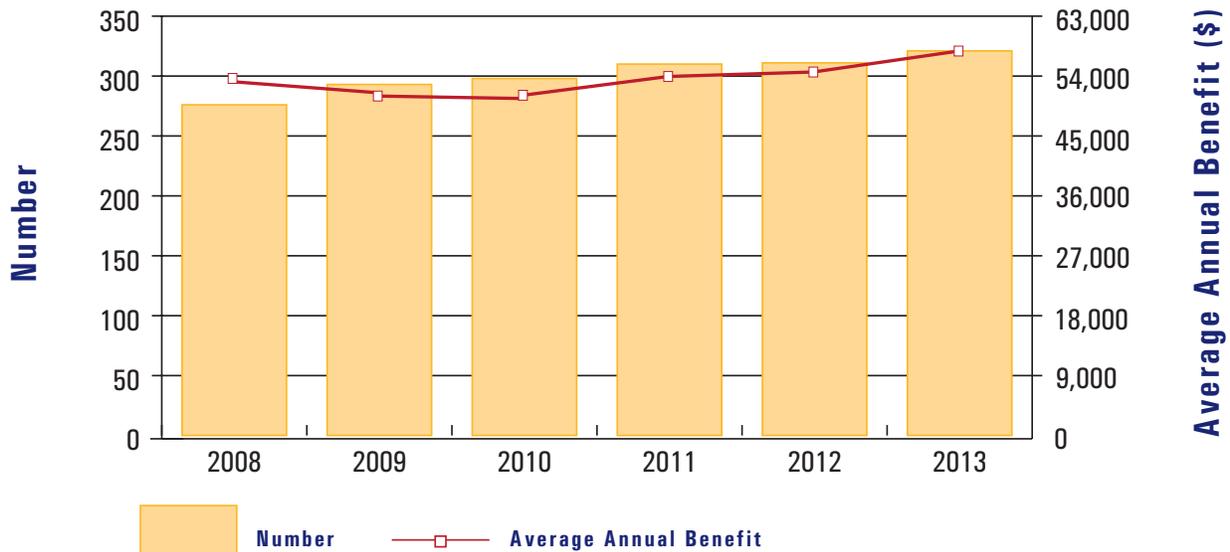
Schedule of Retirants and Beneficiaries

(dollars in thousands – except average annual benefit)

| Fiscal Year Ended June 30 | Added to Rolls | | Removed from Rolls | | Rolls – End of Year | | Percent Increase / (Decrease) in Total Annual Benefits | Average Annual Benefit ² |
|---------------------------|----------------|-----------------|--------------------|-----------------|---------------------|------------------------------------|--|-------------------------------------|
| | Number | Annual Benefits | Number | Annual Benefits | Number | Total Annual Benefits ¹ | | |
| 2008 | 23 | \$ 1,257 | 26 | \$ 991 | 276 | \$ 14,754 | 6.1% | \$ 53,455 |
| 2009 | 74 | 3,744 | 57 | 1,835 | 293 | 15,230 | 3.2 | 51,978 |
| 2010 | 11 | 627 | 6 | 339 | 298 | 15,390 | 1.1 | 51,644 |
| 2011 | 21 | 1,452 | 9 | 200 | 310 | 16,787 | 9.1 | 54,152 |
| 2012 | 7 | 444 | 6 | 194 | 311 | 17,028 | 1.4 | 54,751 |
| 2013 | 24 | 1,798 | 14 | 442 | 321 | 18,474 | 8.5 | 57,551 |

¹End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.

Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



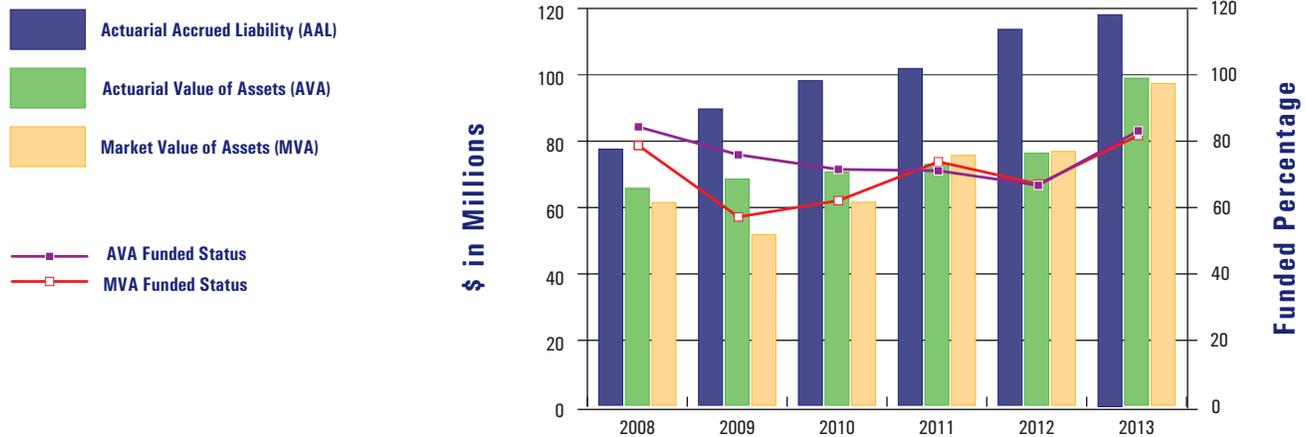
Changes in Plan Provisions

There were no changes in plan provisions that impacted the pension benefits during the fiscal year.

State Excise Police, Gaming Agent, Gaming Control Officer & Conservation Enforcement Officers' Retirement Plan



Historical Summary of Actuarial Valuation Results by Retirement Plan



(dollars in millions)

Fiscal Year Ended June 30

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------------------|---------|---------|---------|----------|----------|----------|
| Actuarial Accrued Liability (AAL) | \$ 77.2 | \$ 89.3 | \$ 97.8 | \$ 101.5 | \$ 113.3 | \$ 118.1 |
| Actuarial Value of Assets (AVA) | \$ 65.4 | \$ 68.2 | \$ 70.3 | \$ 72.6 | \$ 76.0 | \$ 98.6 |
| Unfunded Liability (AAL - AVA) | \$ 11.8 | \$ 21.1 | \$ 27.5 | \$ 28.9 | \$ 37.3 | \$ 19.5 |
| AVA Funded Status (AVA / AAL) | 84.7% | 76.3% | 71.9% | 71.5% | 67.1% | 83.5% |
| Market Value of Assets (MVA) | \$ 61.1 | \$ 51.4 | \$ 61.2 | \$ 75.3 | \$ 76.5 | \$ 97.0 |
| MVA Funded Status (MVA / AAL) | 79.1% | 57.6% | 62.5% | 74.2% | 67.5% | 82.1% |

Summary of Actuarial Assumptions and Methods as of June 30, 2013

The actuarial assumptions and methods used in the June 30, 2013 valuation of the State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan were adopted by the INPRS Board in February 2013. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2005 through June 30, 2010, which were adopted by the INPRS Board in September 2011, and were first used in the June 30, 2011 valuation. The interest rate / investment return and mortality assumptions were updated for the June 30, 2012 valuation.

Changes in Actuarial Assumptions

For the actuarial valuation as of June 30, 2013, the interest crediting rate assumption on member contribution balances was lowered from 6.75 percent to 3.5 percent.

Changes in Actuarial Methods

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial methods from the actuarial valuation as of June 30, 2012.

Actuarial Assumptions

Economic Assumptions

| | |
|------------------------------------|--|
| Interest Rate / Investment Return: | 6.75 percent (net of administrative and investment expenses) |
| Interest on Member Contributions: | 3.5 percent per year |
| Cost of Living Increases: | 1.0 percent per year in retirement |
| Future Salary Increases: | 3.25 percent per year |
| Inflation: | 3.0 percent per year |

Demographic Assumptions

| | |
|-----------------------------------|--|
| Mortality (Healthy and Disabled): | 2013 IRS Static Mortality projected five (5) years with Scale AA |
| Retirement: | Based on 2005-2010 experience. Illustrative rates shown below: |

| Age | Rate | Age | Rate |
|-------|------|-------|------|
| 45 | 3% | 54 | 4% |
| 46-49 | 2 | 55-59 | 15 |
| 50 | 3 | 60-64 | 20 |
| 51-52 | 2 | 65+ | 100 |
| 53 | 3 | | |

**Summary of Actuarial Assumptions and Methods
as of June 30, 2013, continued**

Termination:

Sarason T-1 Table. Illustrative rates shown below:

| <u>Age</u> | <u>Rate</u> |
|------------|-------------|
| 20 | 5.4384% |
| 25 | 4.8948 |
| 30 | 3.7020 |
| 35 | 2.3492 |
| 40 | 1.1283 |
| 45 | 0.2653 |
| 50+ | 0.0000 |

Disability:

150 percent of 1964 OASDI Table. Illustrative rates shown below:

| <u>Age</u> | <u>Rate</u> |
|------------|-------------|
| 20 | 0.0900% |
| 25 | 0.1275 |
| 30 | 0.1650 |
| 35 | 0.2205 |
| 40 | 0.3300 |
| 45 | 0.5400 |
| 50 | 0.9090 |
| 55 | 1.5135 |
| 60 | 2.4405 |
| 65+ | 0.0000 |

Spouse/Beneficiary:

100 percent of members are assumed to be married or to have a dependent beneficiary. Males are assumed to be five (5) years older than females.

Actuarial Methods

Actuarial Cost Method:

Entry Age Normal – Level Percent of Payroll

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year-to-year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Asset Valuation Method:

The Actuarial Value of Assets (AVA) is equal to a four-year smoothing of gains and losses on the Market Value of Assets (MVA), subject to a 20 percent corridor. Accordingly, the AVA is limited to no more than 20 percent greater than or 20 percent less than the MVA.

Analysis of Financial Experience

(dollars in thousands)

| | <u>UAAL</u> |
|---|------------------|
| Unfunded Actuarial Accrued Liability (UAAL): June 30, 2012 | \$ 37,276 |
| <u>UAAL (Gain) / Loss</u> | |
| Actuarial Value of Assets Experience | 239 |
| Actuarial Accrued Liabilities Experience ¹ | (1,845) |
| Amortization of Existing Bases ² | (16,140) |
| Actuarial Assumption & Methodology Changes ³ | (41) |
| Plan Provision Changes | - |
| Unfunded Actuarial Accrued Liability (UAAL): June 30, 2013 | \$ 19,489 |

¹Actuarial Accrued Liabilities Experience includes a gain of approximately \$502 thousand for retired members being provided a one-time (13th check) in September 2013, rather than a 1.0 percent COLA on January 1, 2014.

²Includes a State appropriation of \$14,619 thousand received during FY2013 in accordance with Legislation passed in March 2012.

³Actuarial assumption change that reduces the interest crediting rate on member contribution balances from 6.75 percent to 3.5 percent.

State Excise Police, Gaming Agent, Gaming Control Officer & Conservation Enforcement Officers' Retirement Plan



Solvency Test

(dollars in thousands)

| Fiscal Year Ended June 30 | Actuarial Accrued Liabilities | | | | Actuarial Value of Assets | Portion of Actuarial Accrued Liabilities Covered by Assets | | | |
|---------------------------|-------------------------------|----------------------------|---|-------------------------------------|---------------------------|--|----------------------------|---|-------------------------------------|
| | Active Member Contributions | Retirees and Beneficiaries | Active Member (Employer Financed Portion) | Total Actuarial Accrued Liabilities | | Active Member Contributions | Retirees and Beneficiaries | Active Member (Employer Financed Portion) | Total Actuarial Accrued Liabilities |
| 2008 | \$ 4,314 | \$ 28,902 | \$ 43,961 | \$ 77,177 | \$ 65,375 | 100.0% | 100.0% | 73.2% | 84.7% |
| 2009 | 5,274 | 35,039 | 48,983 | 89,296 | 68,170 | 100.0 | 100.0 | 56.9 | 76.3 |
| 2010 | 6,220 | 36,044 | 55,598 | 97,862 | 70,327 | 100.0 | 100.0 | 50.5 | 71.9 |
| 2011 | 6,271 | 46,695 | 48,568 | 101,534 | 72,599 | 100.0 | 100.0 | 40.4 | 71.5 |
| 2012 | 6,532 | 53,929 | 52,822 | 113,283 | 76,007 | 100.0 | 100.0 | 29.4 | 67.1 |
| 2013 ¹ | 7,494 | 56,028 | 54,575 | 118,097 | 98,608 | 100.0 | 100.0 | 64.3 | 83.5 |

¹In accordance with Legislation passed during March 2012, the State appropriated \$14,619 thousand during FY2013 to reach a funded status of 80.0 percent based on the actuarial valuation as of June 30, 2012.

State Excise Police, Gaming Agent, Gaming Control Officer & Conservation Enforcement Officers' Retirement Plan

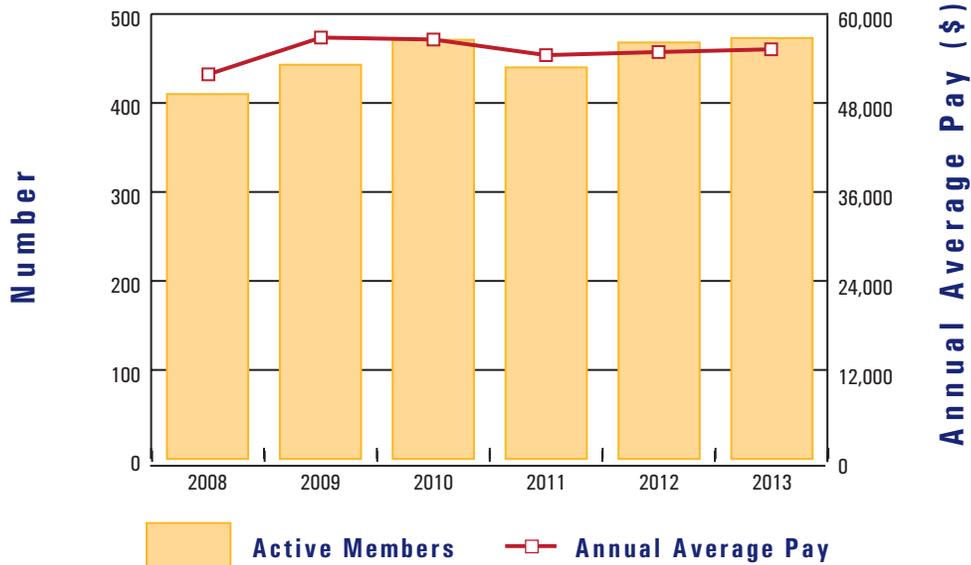


Schedule of Active Members Valuation Data

(dollars in thousands – except annual average pay)

| Fiscal Year Ended June 30 | Active Members | Annual Payroll | Annual Average Pay | Annual Percent Increase / (Decrease) In Average Pay |
|---------------------------|----------------|----------------|--------------------|---|
| 2008 | 410 | \$ 21,333 | \$ 52,033 | 1.0 % |
| 2009 | 443 | 25,238 | 56,971 | 9.5 |
| 2010 | 471 | 26,709 | 56,707 | (0.5) |
| 2011 | 440 | 24,028 | 54,609 | (3.7) |
| 2012 | 468 | 25,752 | 55,026 | 0.8 |
| 2013 | 473 | 26,201 | 55,393 | 0.7 |

**Total Number of Active Members Per Year
and Annual Average Pay**



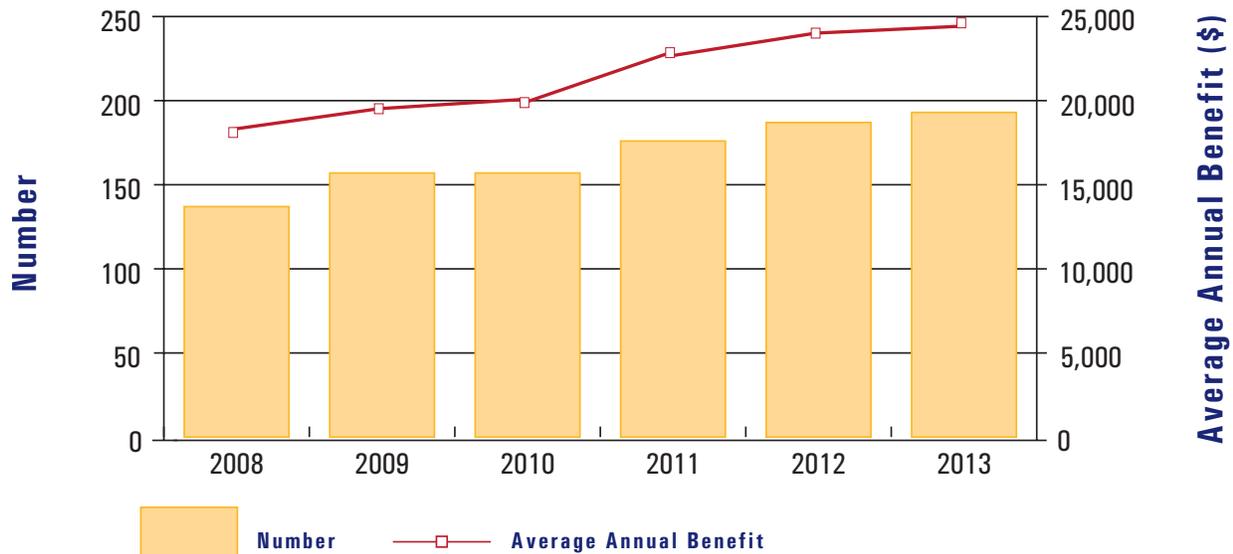
Schedule of Retirants and Beneficiaries

(dollars in thousands – except average annual benefit)

| Fiscal Year Ended June 30 | Added to Rolls | | Removed from Rolls | | Rolls – End of Year | | Percent Increase / (Decrease) in Total Annual Benefits | Average Annual Benefit ² |
|---------------------------------|----------------|--------------------|--------------------|--------------------|---------------------|--|--|---|
| | Number | Annual Benefits | Number | Annual Benefits | Number | Total Annual Benefits ¹ | | |
| 2008 | 9 | \$ 302 | 12 | \$ 119 | 137 | \$ 2,518 | 15.8% | \$ 18,382 |
| 2009 | 59 | 748 | 39 | 258 | 157 | 3,056 | 21.3 | 19,465 |
| 2010 | 6 | 136 | 6 | 49 | 157 | 3,134 | 2.6 | 19,962 |
| 2011 | 22 | 902 | 3 | 23 | 176 | 3,978 | 26.9 | 22,602 |
| 2012 | 14 | 495 | 3 | 14 | 187 | 4,452 | 11.9 | 23,810 |
| 2013 | 8 | 253 | 2 | 9 | 193 | 4,666 | 4.8 | 24,177 |

¹End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.

Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



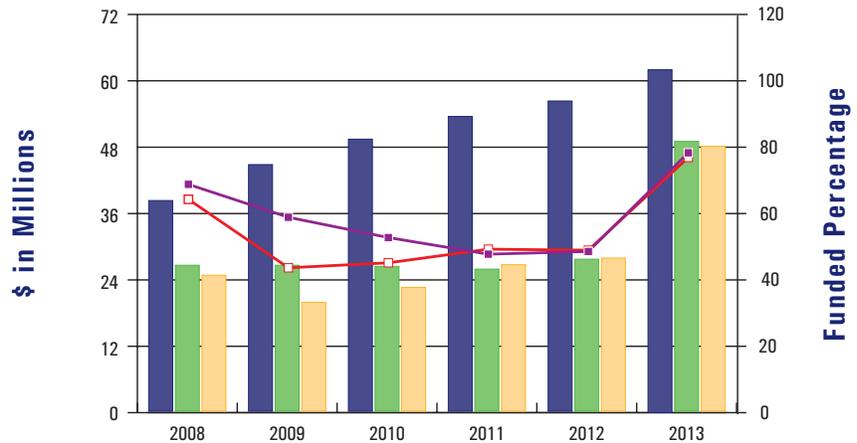
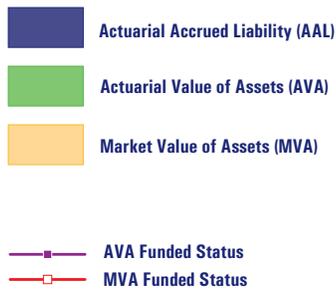
Changes in Plan Provisions

There were no changes in plan provisions that impacted the pension benefits during the fiscal year.

Prosecuting Attorneys' Retirement Fund



Historical Summary of Actuarial Valuation Results by Retirement Plan



(dollars in millions)

Fiscal Year Ended June 30

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------------------|---------|---------|---------|---------|---------|---------|
| Actuarial Accrued Liability (AAL) | \$ 38.1 | \$ 44.6 | \$ 49.2 | \$ 53.3 | \$ 56.1 | \$ 62.0 |
| Actuarial Value of Assets (AVA) | \$ 26.4 | \$ 26.4 | \$ 26.2 | \$ 25.7 | \$ 27.5 | \$ 48.8 |
| Unfunded Liability (AAL - AVA) | \$ 11.7 | \$ 18.2 | \$ 23.0 | \$ 27.6 | \$ 28.6 | \$ 13.2 |
| AVA Funded Status (AVA / AAL) | 69.2% | 59.3% | 53.2% | 48.2% | 49.0% | 78.7% |
| Market Value of Assets (MVA) | \$ 24.6 | \$ 19.7 | \$ 22.4 | \$ 26.5 | \$ 27.7 | \$ 47.9 |
| MVA Funded Status (MVA / AAL) | 64.7% | 44.1% | 45.6% | 49.7% | 49.4% | 77.3% |

Summary of Actuarial Assumptions and Methods as of June 30, 2013

The actuarial assumptions and methods used in the June 30, 2013 valuation of the Prosecuting Attorneys' Retirement Fund were adopted by the INPRS Board in February 2013. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2005 through June 30, 2010, which were adopted by the INPRS Board in September 2011, and were first used in the June 30, 2011 valuation. The interest rate / investment return and mortality assumptions were updated for the June 30, 2012 valuation.

Changes in Actuarial Assumptions

For the actuarial valuation as of June 30, 2013, the interest crediting rate assumption on member contribution balances was lowered from 5.5 percent to 3.5 percent. In addition, the retirement assumption was changed to reflect retirement as early as age 55 under the "Rule of 85", in accordance with legislation passed in March 2013.

Changes in Actuarial Methods

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial methods from the actuarial valuation as of June 30, 2012.

Actuarial Assumptions

Economic Assumptions

| | |
|------------------------------------|--|
| Interest Rate / Investment Return: | 6.75 percent (net of administrative and investment expenses) |
| Interest on Member Contributions: | 3.5 percent per year |
| Cost of Living Increases: | N/A |
| Future Salary Increases: | 4.0 percent per year |
| Inflation: | 3.0 percent per year |

Demographic Assumptions

Mortality (Healthy and Disabled): 2013 IRS Static Mortality projected five (5) years with Scale AA

Retirement: Based on 2005-2010 experience. Rates shown below:

| Age | Rate (Less Than 85 Points) | Rate (85 Points Or More) |
|-------|----------------------------|--------------------------|
| 55-61 | 0% | 20% |
| 62 | 20 | 20 |
| 63 | 20 | 20 |
| 64 | 20 | 20 |
| 65 | 100 | 100 |

Termination: 10 percent per year for all members prior to retirement eligibility.

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Disability:

Illustrative rates shown below:

| Age | Male | Female |
|-----|---------|---------|
| 20 | 0.0067% | 0.0050% |
| 30 | 0.0208 | 0.0158 |
| 40 | 0.0646 | 0.0496 |
| 50 | 0.2005 | 0.1556 |
| 60 | 0.6220 | 0.4881 |
| 70 | 0.1000 | 0.1000 |
| 71+ | 0.0000 | 0.0000 |

Spouse/Beneficiary:

90 percent of participants are assumed either to be married or to have a dependent beneficiary.

Males are assumed to be three (3) years older than their spouses.

Actuarial Methods

Actuarial Cost Method:

Entry Age Normal – Level Percent of Payroll

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year-to-year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Asset Valuation Method:

The Actuarial Value of Assets (AVA) is equal to a four-year smoothing of gains and losses on the Market Value of Assets (MVA), subject to a 20 percent corridor. Accordingly, the AVA is limited to no more than 20 percent greater than or 20 percent less than the MVA.

Analysis of Financial Experience

(dollars in thousands)

| | UAAL |
|---|------------------|
| Unfunded Actuarial Accrued Liability (UAAL): June 30, 2012 | \$ 28,579 |
| UAAL (Gain) / Loss | |
| Actuarial Value of Assets Experience | 845 |
| Actuarial Accrued Liabilities Experience | 1,474 |
| Amortization of Existing Bases ¹ | (18,958) |
| Actuarial Assumption & Methodology Changes ² | (108) |
| Plan Provision Changes ³ | 1,346 |
| Unfunded Actuarial Accrued Liability (UAAL): June 30, 2013 | \$ 13,178 |

¹Includes a State appropriation of \$17,363 thousand received during FY2013 in accordance with Legislation passed in March 2012.

²Actuarial assumption change that reduces the interest crediting rate on member contribution balances from 5.5 percent to 3.5 percent.

³In accordance with Legislation passed during March 2013, several features of the Plan were amended to be similar to the Judges' Retirement System (refer to the Changes in Plan Provisions schedule for PARF).

Prosecuting Attorneys' Retirement Fund



Solvency Test

(dollars in thousands)

| Fiscal Year Ended June 30 | Actuarial Accrued Liabilities | | | | Actuarial Value of Assets | Portion of Actuarial Accrued Liabilities Covered by Assets | | | |
|---------------------------|-------------------------------|----------------------------|---|-------------------------------------|---------------------------|--|----------------------------|---|-------------------------------------|
| | Active Member Contributions | Retirees and Beneficiaries | Active Member (Employer Financed Portion) | Total Actuarial Accrued Liabilities | | Active Member Contributions | Retirees and Beneficiaries | Active Member (Employer Financed Portion) | Total Actuarial Accrued Liabilities |
| 2008 | \$ 17,428 | \$ 5,173 | \$ 15,468 | \$ 38,069 | \$ 26,350 | 100.0% | 100.0% | 24.2% | 69.2% |
| 2009 | 19,239 | 10,384 | 15,009 | 44,632 | 26,467 | 100.0 | 69.6 | 0.0 | 59.3 |
| 2010 | 20,999 | 12,557 | 15,618 | 49,174 | 26,166 | 100.0 | 41.1 | 0.0 | 53.2 |
| 2011 | 21,592 | 16,806 | 14,854 | 53,252 | 25,651 | 100.0 | 24.2 | 0.0 | 48.2 |
| 2012 | 23,406 | 18,660 | 14,014 | 56,080 | 27,501 | 100.0 | 21.9 | 0.0 | 49.0 |
| 2013 ¹ | 25,371 | 22,004 | 14,565 | 61,940 | 48,762 | 100.0 | 100.0 | 9.5 | 78.7 |

¹In accordance with Legislation passed during March 2012, the State appropriated \$17,363 thousand during FY2013 to reach a funded status of 80.0 percent based on the actuarial valuation as of June 30, 2012.

Prosecuting Attorneys' Retirement Fund

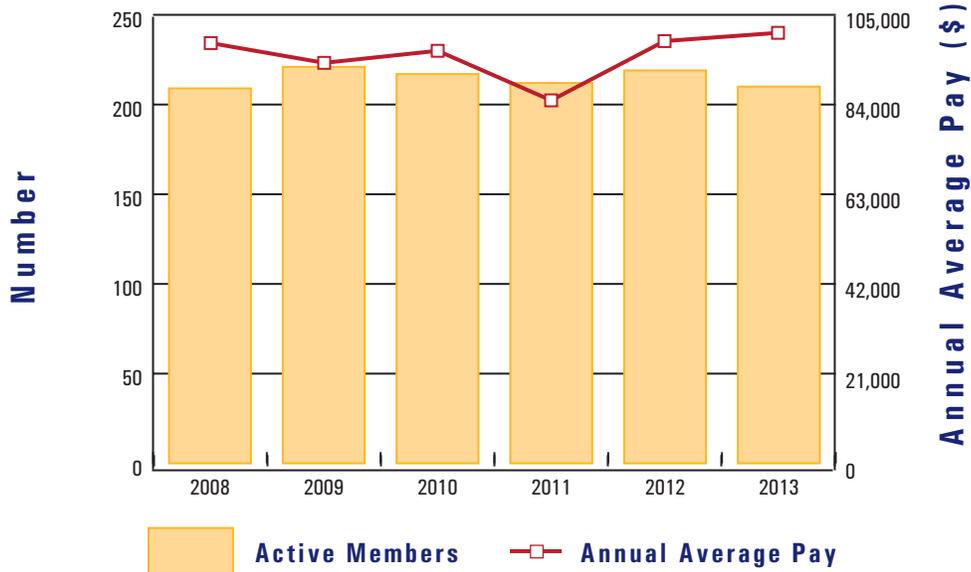


Schedule of Active Members Valuation Data

(dollars in thousands – except annual average pay)

| Fiscal Year Ended June 30 | Active Members | Annual Payroll | Annual Average Pay | Annual Percent Increase / (Decrease) In Average Pay |
|---------------------------|----------------|----------------|--------------------|---|
| 2008 | 209 | \$ 20,617 | \$ 98,646 | 12.3 % |
| 2009 | 221 | 20,782 | 94,037 | (4.7) |
| 2010 | 217 | 21,016 | 96,848 | 3.0 |
| 2011 | 212 | 18,082 | 85,292 | (11.9) |
| 2012 | 219 | 21,705 | 99,110 | 16.2 |
| 2013 | 210 | 21,217 | 101,033 | 1.9 |

Total Number of Active Members Per Year and Annual Average Pay



Prosecuting Attorneys' Retirement Fund



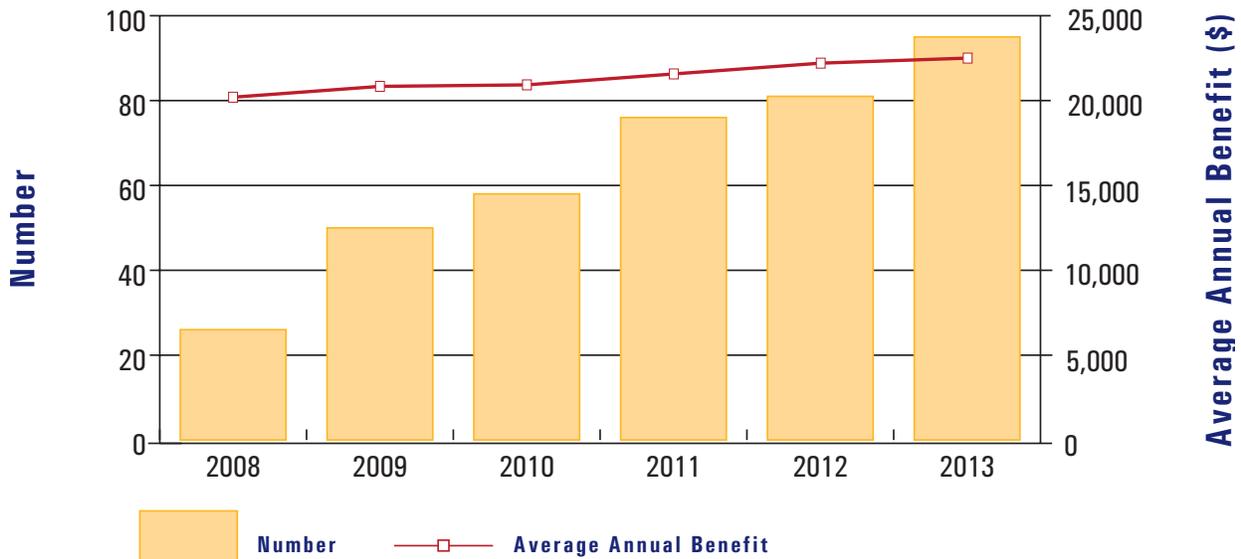
Schedule of Retirants and Beneficiaries

(dollars in thousands – except average annual benefit)

| Fiscal Year Ended June 30 | Added to Rolls | | Removed from Rolls | | Rolls – End of Year | | Percent Increase / (Decrease) in Total Annual Benefits | Average Annual Benefit ² |
|---------------------------|----------------|-----------------|--------------------|-----------------|---------------------|------------------------------------|--|-------------------------------------|
| | Number | Annual Benefits | Number | Annual Benefits | Number | Total Annual Benefits ¹ | | |
| 2008 | 7 | \$ 207 | 1 | \$ 14 | 26 | \$ 522 | 54.3% | \$ 20,068 |
| 2009 | 26 | 536 | 2 | 26 | 50 | 1,032 | 97.8 | 20,636 |
| 2010 | 9 | 187 | 1 | 16 | 58 | 1,201 | 16.4 | 20,715 |
| 2011 | 19 | 473 | 1 | 16 | 76 | 1,618 | 34.7 | 21,288 |
| 2012 | 6 | 178 | 1 | 27 | 81 | 1,770 | 9.4 | 21,853 |
| 2013 | 15 | 362 | 1 | 27 | 95 | 2,101 | 18.7 | 22,118 |

¹End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes and data changes.

Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



Changes in Plan Provisions

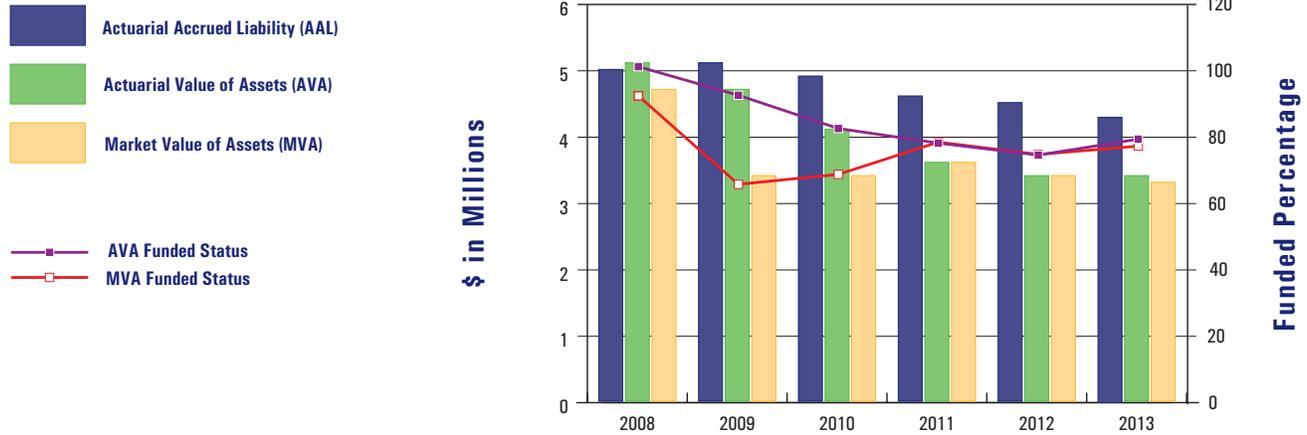
For the June 30, 2013 valuation, the following plan provision changes were made pursuant to 2013 House Bill 1057:

- Active members will be required to contribute 6 percent of pay to the Fund for only the first 22 years of service, rather than all years of service. In addition, the State may elect to "pick up" member contributions under IRC Section 414(h), which was not previously allowable.
- Withdrawn members can reinstate prior service by repaying their withdrawn funds with interest.
- Members are entitled to normal (unreduced) retirement benefits upon attainment of 65 years of age with eight (8) years of service, or at 55 years of age with 85 points (age + service), rather than only at 65 years of age with eight (8) years of service.
- Members may designate surviving dependent children to receive payments upon their death with different benefits being provided to surviving spouses and children. Previously, only surviving spouses could receive benefits upon the death of a member. Dependent children payments cease at age 18. The total benefits to be paid out is equal to the same 50 percent benefit that would be payable to the surviving spouse.
- The minimum annual death benefit payable to a beneficiary is increased from \$7,000 to \$12,000. This change does not apply to current surviving spouses.
- No reduction is applied in the case of pre-retirement death. Previously, benefits were reduced 0.25 percent for each month that commencement preceded age 65 in the case of death.
- The service requirement for receiving disability benefits is reduced from five (5) years to 0 years.
- The benefit percentage for disability is increased to 50 percent for 0 - 12 years of service, increasing 1 percent per year starting at 12 years of service up to 60 percent at 22 or more years of service.

Legislators' Defined Benefit Plan



Historical Summary of Actuarial Valuation Results by Retirement Plan



(dollars in millions)

Fiscal Year Ended June 30

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------------------|----------|--------|--------|--------|--------|--------|
| Actuarial Accrued Liability (AAL) | \$ 5.0 | \$ 5.1 | \$ 4.9 | \$ 4.6 | \$ 4.5 | \$ 4.3 |
| Actuarial Value of Assets (AVA) | \$ 5.1 | \$ 4.7 | \$ 4.1 | \$ 3.6 | \$ 3.4 | \$ 3.4 |
| Unfunded Liability (AAL - AVA) | \$ (0.1) | \$ 0.4 | \$ 0.8 | \$ 1.0 | \$ 1.1 | \$ 0.9 |
| AVA Funded Status (AVA / AAL) | 101.6 % | 93.0% | 83.0% | 78.6% | 75.0% | 79.8% |
| Market Value of Assets (MVA) | \$ 4.7 | \$ 3.4 | \$ 3.4 | \$ 3.6 | \$ 3.4 | \$ 3.3 |
| MVA Funded Status (MVA / AAL) | 92.8 % | 66.2% | 69.2% | 78.9% | 75.2% | 77.7% |

Summary of Actuarial Assumptions and Methods as of June 30, 2013

The actuarial assumptions and methods used in the June 30, 2013 valuation of the Legislators' Defined Benefit Plan were adopted by the INPRS Board in February 2013. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2005 through June 30, 2010, which were adopted by the INPRS Board in September 2011, and were first used in the June 30, 2011 valuation. The interest rate / investment return and mortality assumptions were updated for the June 30, 2012 valuation.

Changes in Actuarial Assumptions

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial assumptions from the actuarial valuation as of June 30, 2012.

Changes in Actuarial Methods

For the actuarial valuation as of June 30, 2013, there were no changes to the actuarial methods from the actuarial valuation as of June 30, 2012.

Actuarial Assumptions

Economic Assumptions

| | |
|------------------------------------|--|
| Interest Rate / Investment Return: | 6.75 percent (net of administrative and investment expenses) |
| Cost of Living Increases: | 1.0 percent per year in retirement |
| Future Salary Increases: | 3.0 percent per year |
| Inflation: | 3.0 percent per year |

Demographic Assumptions

| | |
|-----------------------------------|--|
| Mortality (Healthy and Disabled): | 2013 IRS Static Mortality projected five (5) years with Scale AA |
| Retirement: | Retirement rates based on actual experience of current retirees. Illustrative rates shown below: |

| <u>Age</u> | <u>Rate</u> |
|------------|-------------|
| 55 | 10% |
| 56-57 | 8 |
| 58-61 | 2 |
| 62-64 | 5 |
| 65+ | 100 |

| | |
|--------------|---|
| Termination: | Sarason T-2 Tables. Illustrative rates shown below: |
|--------------|---|

| <u>Age</u> | <u>Rate</u> |
|------------|-------------|
| 20 | 5.4384% |
| 25 | 5.2917 |
| 30 | 5.0672 |
| 35 | 4.6984 |
| 40 | 3.5035 |
| 45 | 1.7686 |
| 50 | 0.4048 |
| 55+ | 0.0000 |

Summary of Actuarial Assumptions and Methods as of June 30, 2013, continued

Disability: 75 percent of 1964 OASDI Tables. Illustrative rates shown below:

| Age | Rate |
|-----|--------|
| 20 | 0.045% |
| 25 | 0.064 |
| 30 | 0.083 |
| 35 | 0.111 |
| 40 | 0.165 |
| 45 | 0.270 |
| 50 | 0.454 |
| 55 | 0.757 |
| 60 | 1.220 |
| 65+ | 0.000 |

Spouse/Beneficiary: 90 percent of members are assumed to be married or to have a dependent beneficiary. Males are assumed to be three (3) years older than females.

Actuarial Methods

Actuarial Cost Method:

Traditional Unit Credit

The normal cost is calculated separately for each active member and is equal to the actuarial present value of additional benefits to be accrued during the year following the valuation date. The actuarial accrued liability on any valuation date is the actuarial present value of the benefits earned for service prior to the valuation date.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year-to-year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Asset Valuation Method:

The Actuarial Value of Assets (AVA) is equal to a four-year smoothing of gains and losses on the Market Value of Assets (MVA), subject to a 20 percent corridor. Accordingly, the AVA is limited to no more than 20 percent greater than or 20 percent less than the MVA.

(dollars in thousands)

| | <u>UAAL</u> |
|---|-----------------|
| Unfunded Actuarial Accrued Liability (UAAL): June 30, 2012 | \$ 1,126 |
| <u>UAAL (Gain) / Loss</u> | |
| Actuarial Value of Assets Experience | (93) |
| Actuarial Accrued Liabilities Experience ¹ | (134) |
| Amortization of Existing Bases | (32) |
| Actuarial Assumption & Methodology Changes | - |
| Plan Provision Changes | - |
| Unfunded Actuarial Accrued Liability (UAAL): June 30, 2013 | \$ 867 |

¹Actuarial Accrued Liabilities Experience includes a gain of approximately \$36 thousand since a COLA was not granted to retired members as of January 1, 2014, rather than the 1.0 percent COLA assumption.

Legislators' Defined Benefit Plan



Solvency Test

(dollars in thousands)

| Fiscal Year Ended June 30 | Actuarial Accrued Liabilities | | | | Actuarial Value of Assets | Portion of Actuarial Accrued Liabilities Covered by Assets | | | |
|---------------------------|-------------------------------|----------------------------|---|-------------------------------------|---------------------------|--|----------------------------|---|-------------------------------------|
| | Active Member Contributions | Retirees and Beneficiaries | Active Member (Employer Financed Portion) | Total Actuarial Accrued Liabilities | | Active Member Contributions | Retirees and Beneficiaries | Active Member (Employer Financed Portion) | Total Actuarial Accrued Liabilities |
| 2008 | \$ - | \$ 2,258 | \$ 2,781 | \$ 5,039 | \$ 5,120 | N/A | 100.0% | 100.0% | 101.6% |
| 2009 | - | 3,147 | 1,940 | 5,087 | 4,730 | N/A | 100.0 | 81.6 | 93.0 |
| 2010 | - | 3,017 | 1,892 | 4,909 | 4,075 | N/A | 100.0 | 55.9 | 83.0 |
| 2011 | - | 3,037 | 1,584 | 4,621 | 3,634 | N/A | 100.0 | 37.7 | 78.6 |
| 2012 | - | 3,031 | 1,472 | 4,503 | 3,377 | N/A | 100.0 | 23.5 | 75.0 |
| 2013 | - | 3,192 | 1,103 | 4,295 | 3,428 | N/A | 100.0 | 21.4 | 79.8 |

Legislators' Defined Benefit Plan

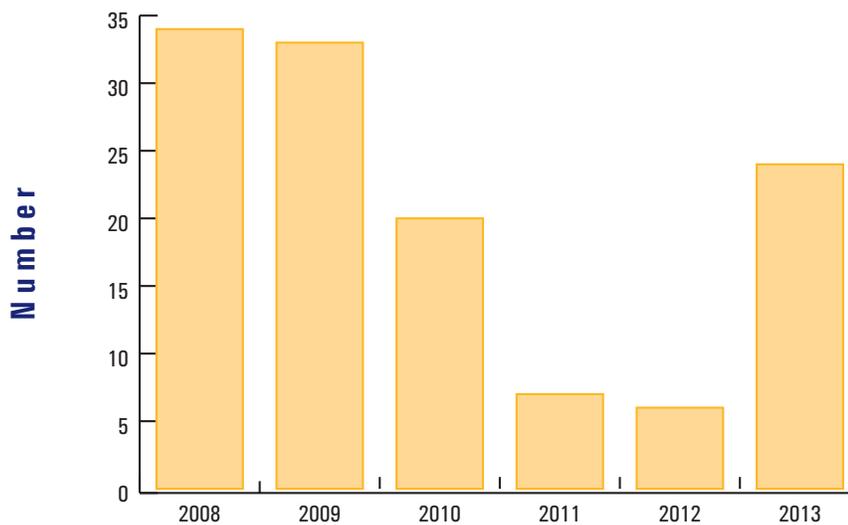


Schedule of Active Members Valuation Data

(dollars in thousands – except annual average pay)

| Fiscal Year Ended June 30 | Active Members | Annual Payroll | Annual Average Pay | Annual Percent Increase / (Decrease) In Average Pay |
|---------------------------|----------------|----------------|--------------------|---|
| 2008 | 34 | N/A | N/A | N/A |
| 2009 | 33 | N/A | N/A | N/A |
| 2010 | 20 | N/A | N/A | N/A |
| 2011 | 7 | N/A | N/A | N/A |
| 2012 | 6 | N/A | N/A | N/A |
| 2013 | 24 | N/A | N/A | N/A |

Total Number of Active Members Per Year



Legislators' Defined Benefit Plan



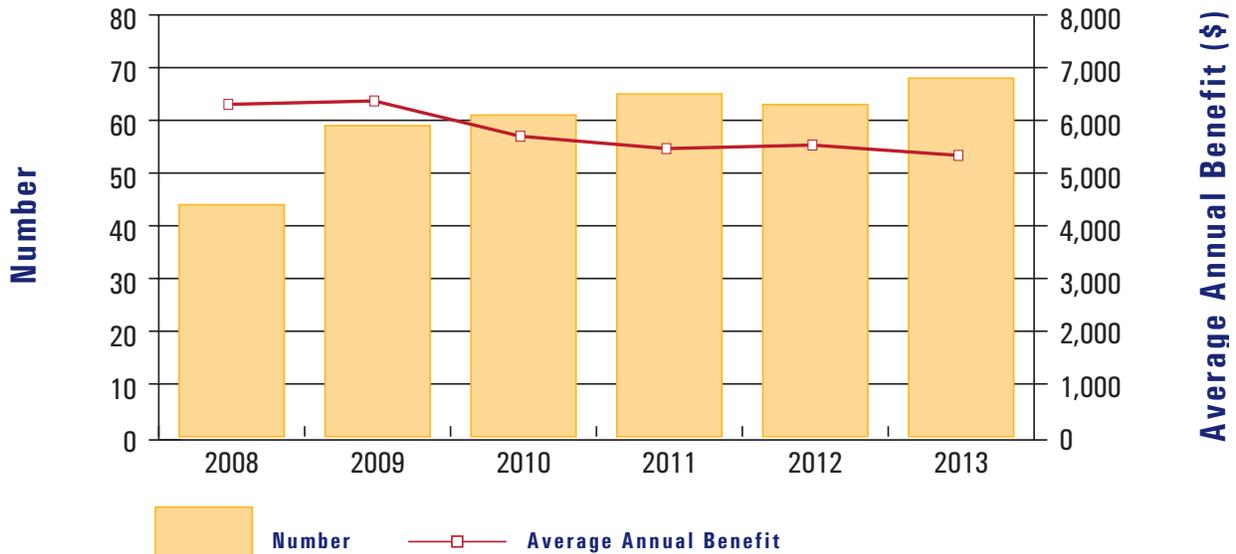
Schedule of Retirants and Beneficiaries

(dollars in thousands – except average annual benefit)

| Fiscal Year Ended June 30 | Added to Rolls | | Removed from Rolls | | Rolls – End of Year | | Percent Increase / (Decrease) in Total Annual Benefits | Average Annual Benefit ² |
|---------------------------|----------------|-----------------|--------------------|-----------------|---------------------|------------------------------------|--|-------------------------------------|
| | Number | Annual Benefits | Number | Annual Benefits | Number | Total Annual Benefits ¹ | | |
| 2008 | 1 | \$ - | 2 | \$ 10 | 44 | \$ 274 | (3.4)% | \$ 6,223 |
| 2009 | 17 | 88 | 2 | 2 | 59 | 371 | 35.3 | 6,281 |
| 2010 | 5 | 9 | 3 | 27 | 61 | 347 | (6.5) | 5,685 |
| 2011 | 4 | 22 | - | - | 65 | 356 | 2.6 | 5,477 |
| 2012 | 2 | 13 | 4 | 20 | 63 | 349 | (2.0) | 5,536 |
| 2013 | 9 | 41 | 4 | 26 | 68 | 364 | 4.3 | 5,362 |

¹End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.

Total Number of Retirants and Beneficiaries Per Year and Average Annual Benefit



Changes in Plan Provisions

There were no changes in plan provisions that impacted the pension benefits during the fiscal year.

Indiana Public Retirement System



2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

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Summary of Statistical Section

This part of the Comprehensive Annual Financial Report contains more detailed information regarding the financial viability and pension benefit offerings for understanding the Financial Statements, Notes to the Financial Statements, and Required Supplementary Information.

Financial Trends

The following schedules contain trends to assist in understanding changes over time in financial performance of each retirement plan:

- Schedule of Changes in Net Position
- Schedule of Income Sources for a 10-Year Period
- Schedule of Historical Contribution Rates

Demographic and Economic Information

The following schedules contain benefit and member data to provide a better understanding of the benefit offerings of each retirement plan:

- Membership Data Summary
- Ratio of Active Members to Annuitants
- Schedule of Benefit Recipients by Type of Benefit Option
- Schedule of Average Benefit Payments
- Schedule of Average Death Benefit Payments
- Schedule of Participating Employers: Top 10
- Schedule of Participating Employers

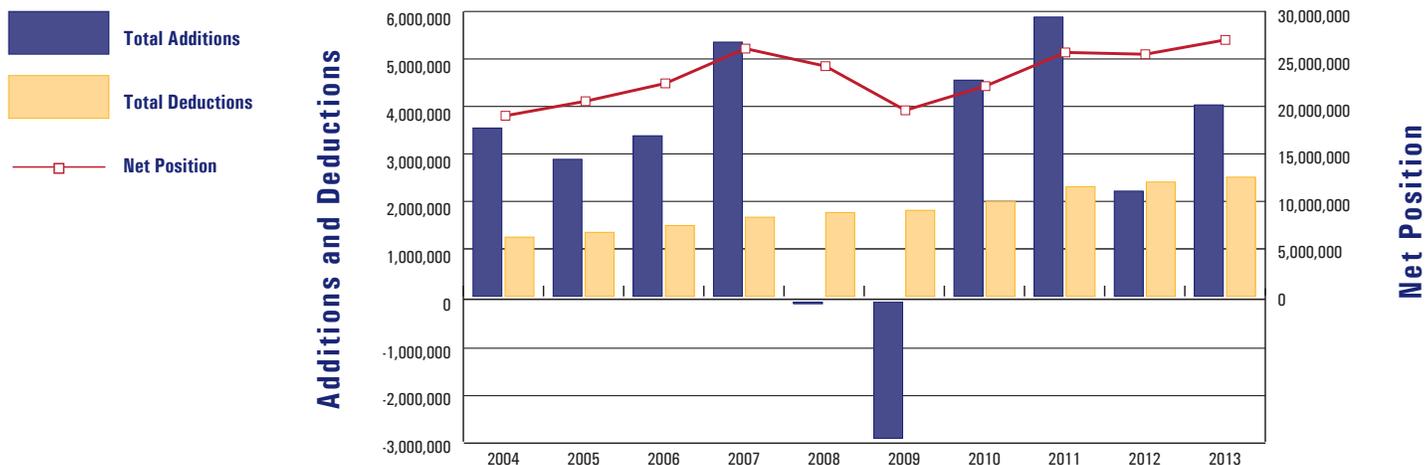
Schedule of Changes in Net Position

(dollars in thousands)

Fiscal Year Ended June 30

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| Additions | | | | | | | | | | |
| Member Contributions | \$ 283,688 | \$ 290,407 | \$ 312,918 | \$ 312,488 | \$ 322,060 | \$ 332,959 | \$ 335,244 | \$ 330,314 | \$ 335,548 | \$ 326,518 |
| Employer Contributions | 757,811 | 795,651 | 1,022,249 | 1,120,316 | 1,232,602 | 1,347,376 | 1,471,776 | 1,493,683 | 1,605,839 | 2,087,315 |
| Investment Income / (Loss) | 2,405,822 | 1,700,826 | 1,947,308 | 3,821,357 | (1,752,577) | (4,646,978) | 2,649,155 | 3,943,198 | 172,801 | 1,514,313 |
| Interfund Transfers | 5,145 | 6,955 | 6,606 | 6,965 | 9,608 | 7,662 | 8,176 | 15,410 | 13,025 | 14,759 |
| Other Additions | 93,337 | 93,436 | 93,524 | 94,731 | 92,442 | 91,627 | 89,771 | 100,622 | 89,863 | 89,238 |
| Total Additions | \$ 3,545,803 | \$ 2,887,275 | \$ 3,382,605 | \$ 5,355,857 | \$ (95,865) | \$ (2,867,354) | \$ 4,554,122 | \$ 5,883,227 | \$ 2,217,076 | \$ 4,032,143 |
| Deductions | | | | | | | | | | |
| Pension Benefits | \$ 1,044,057 | \$ 1,113,329 | \$ 1,215,172 | \$ 1,379,511 | \$ 1,477,798 | \$ 1,494,247 | \$ 1,623,749 | \$ 1,889,792 | \$ 1,976,672 | \$ 2,070,025 |
| Disability Benefits | 18,890 | 35,484 | 39,079 | 45,094 | 47,079 | 51,326 | 55,554 | 53,608 | 57,239 | 60,664 |
| Death Benefits | 1,008 | 860 | 209 | 372 | 1,008 | 806 | 1,464 | 1,224 | 938 | 1,744 |
| Distributions of Contributions and Interest | 51,227 | 51,980 | 81,807 | 67,649 | 62,862 | 54,375 | 53,393 | 94,341 | 95,681 | 98,698 |
| Pension Relief Distributions | 103,463 | 115,228 | 125,075 | 140,727 | 134,948 | 167,279 | 213,035 | 219,425 | 224,220 | 219,814 |
| Administrative and Project Expenses | 24,190 | 24,953 | 23,687 | 27,549 | 31,883 | 36,318 | 38,258 | 35,918 | 40,848 | 45,921 |
| Interfund Transfers | 5,145 | 6,955 | 6,606 | 6,965 | 9,608 | 7,662 | 8,176 | 15,410 | 13,025 | 14,759 |
| Total Deductions | \$ 1,247,980 | \$ 1,348,789 | \$ 1,491,635 | \$ 1,667,867 | \$ 1,765,186 | \$ 1,812,013 | \$ 1,993,629 | \$ 2,309,718 | \$ 2,408,623 | \$ 2,511,625 |
| Changes in Net Position | | | | | | | | | | |
| Beginning of Year | \$ 16,746,820 | \$ 19,044,643 | \$ 20,583,129 | \$ 22,474,099 | \$ 26,162,089 | \$ 24,301,038 | \$ 19,621,671 | \$ 22,182,164 | \$ 25,755,673 | \$ 25,564,126 |
| End of Year | 19,044,643 | 20,583,129 | 22,474,099 | 26,162,089 | 24,301,038 | 19,621,671 | 22,182,164 | 25,755,673 | 25,564,126 | 27,084,644 |
| Net Increase / (Decrease) | \$ 2,297,823 | \$ 1,538,486 | \$ 1,890,970 | \$ 3,687,990 | \$ (1,861,051) | \$ (4,679,367) | \$ 2,560,493 | \$ 3,573,509 | \$ (191,547) | \$ 1,520,518 |

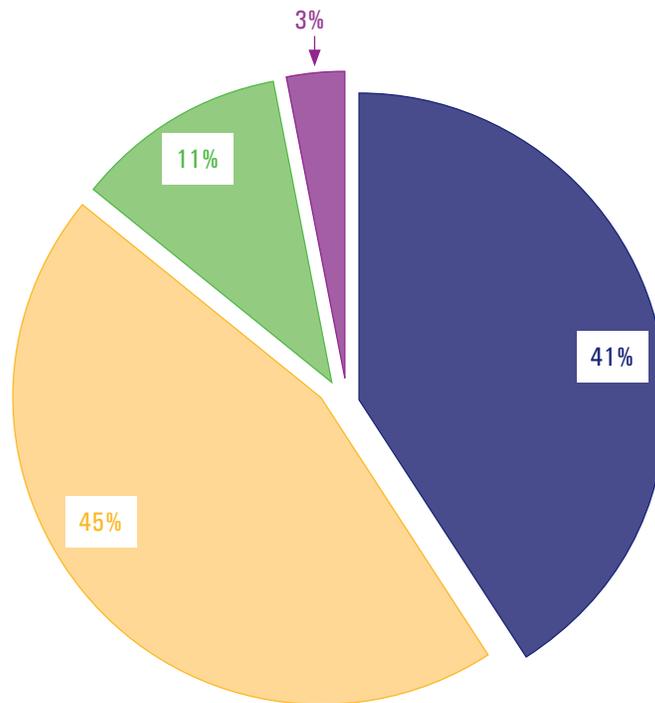
Ten-Year Comparison of Net Position, Additions and Deductions (dollars in thousands)



Summary of Income Sources for a Ten-Year Period

Fiscal Year 2004 - Fiscal Year 2013

| | |
|------------------------|-----|
| Investment Income | 41% |
| Employer Contributions | 45% |
| Member Contributions | 11% |
| Other Additions | 3% |

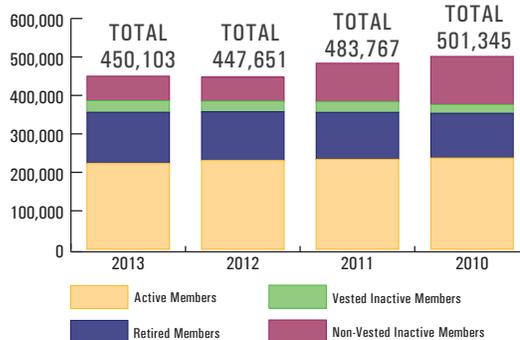


Indiana Public Retirement System



Membership Data Summary¹

- PERF = Public Employees' Retirement Fund
- TRF = Teachers' Retirement Fund
- 1977 Fund = 1977 Police Officers' and Firefighters' Pension and Disability Fund
- JRS = Judges' Retirement System
- EG&C Plan = State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan
- PARF = Prosecuting Attorneys' Retirement Fund
- LEDB Plan = Legislators' Defined Benefit Plan
- LEDC Plan = Legislators' Defined Contribution Plan



Fiscal Year Ended June 30, 2013

| Retirement Plans | Active Members | Retirees, Disabilitants, & Beneficiaries | Terminated Vested Inactive Members | Terminated Non-Vested Inactive Members With Balance | Total Members |
|--------------------|----------------|--|------------------------------------|---|----------------|
| PERF | 137,937 | 75,950 | 23,504 | 51,057 | 288,448 |
| TRF | 70,414 | 53,010 | 6,417 | 11,693 | 141,534 |
| 1977 Fund | 13,287 | 3,491 | 129 | 796 | 17,703 |
| JRS | 365 | 321 | 67 | 32 | 785 |
| EG&C Plan | 473 | 193 | 4 | 87 | 757 |
| PARF | 210 | 95 | 83 | 162 | 550 |
| LEDB Plan | 24 | 68 | 9 | - | 101 |
| LEDC Plan | 167 | - | - | 58 | 225 |
| Total INPRS | 222,877 | 133,128 | 30,213 | 63,885 | 450,103 |

Fiscal Year Ended June 30, 2012

| Retirement Plans | Active Members | Retirees, Disabilitants, & Beneficiaries | Terminated Vested Inactive Members | Terminated Non-Vested Inactive Members With Balance | Total Members |
|--------------------|----------------|--|------------------------------------|---|----------------|
| PERF | 145,519 | 72,992 | 21,200 | 47,874 | 287,585 |
| TRF | 70,573 | 49,971 | 6,367 | 13,322 | 140,233 |
| 1977 Fund | 13,390 | 3,208 | 122 | 751 | 17,471 |
| JRS | 361 | 311 | 72 | 28 | 772 |
| EG&C Plan | 468 | 187 | 4 | 61 | 720 |
| PARF | 219 | 81 | 84 | 165 | 549 |
| LEDB Plan | 6 | 63 | 38 | - | 107 |
| LEDC Plan | 167 | - | - | 47 | 214 |
| Total INPRS | 230,703 | 126,813 | 27,887 | 62,248 | 447,651 |

Fiscal Year Ended June 30, 2011

| Retirement Plans | Active Members | Retirees, Disabilitants, & Beneficiaries | Terminated Vested Inactive Members | Terminated Non-Vested Inactive Members With Balance | Total Members |
|--------------------|----------------|--|------------------------------------|---|----------------|
| PERF | 147,933 | 70,380 | 20,634 | 72,105 | 311,052 |
| TRF | 71,343 | 47,975 | 6,636 | 27,168 | 153,122 |
| 1977 Fund | 13,376 | 2,966 | 126 | 791 | 17,259 |
| JRS | 363 | 310 | 66 | 31 | 770 |
| EG&C Plan | 440 | 176 | 5 | 59 | 680 |
| PARF | 212 | 76 | 85 | 177 | 550 |
| LEDB Plan | 7 | 65 | 40 | - | 112 |
| LEDC Plan | 171 | - | - | 51 | 222 |
| Total INPRS | 233,845 | 121,948 | 27,592 | 100,382 | 483,767 |

Fiscal Year Ended June 30, 2010

| Retirement Plans | Active Members | Retirees, Disabilitants, & Beneficiaries | Terminated Vested Inactive Members | Terminated Non-Vested Inactive Members With Balance | Total Members |
|--------------------|----------------|--|------------------------------------|---|----------------|
| PERF | 149,877 | 67,166 | 14,759 | 88,234 | 320,036 |
| TRF | 72,872 | 45,659 | 7,670 | 35,847 | 162,048 |
| 1977 Fund | 13,362 | 2,782 | 111 | 771 | 17,026 |
| JRS | 291 | 298 | 73 | 31 | 693 |
| EG&C Plan | 471 | 157 | 4 | 52 | 684 |
| PARF | 217 | 58 | 74 | 177 | 526 |
| LEDB Plan | 20 | 61 | 34 | - | 115 |
| LEDC Plan | 169 | - | - | 48 | 217 |
| Total INPRS | 237,279 | 116,181 | 22,725 | 125,160 | 501,345 |

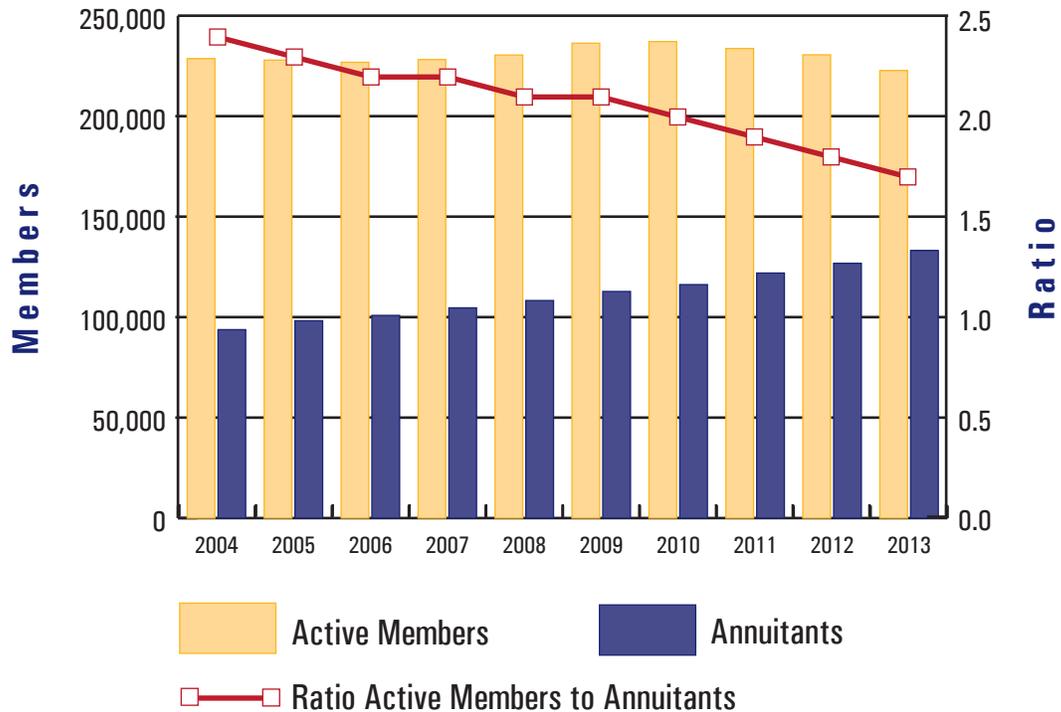
¹INPRS intends to make this schedule a 10-year schedule over time. Terminated Non-Vested Inactive Members With Balance data was not available for select retirement plans prior to fiscal year 2010.

Ratio of Active Members to Annuitants

| Fiscal Year Ended June 30 | Active Members ¹ | Annuitants ² | Ratio Active Members To Annuitants |
|---------------------------|-----------------------------|-------------------------|------------------------------------|
| 2004 | 228,637 | 93,767 | 2.4 |
| 2005 | 227,891 | 98,209 | 2.3 |
| 2006 | 226,817 | 100,855 | 2.2 |
| 2007 | 228,158 | 104,617 | 2.2 |
| 2008 | 230,417 | 108,254 | 2.1 |
| 2009 | 236,304 | 112,758 | 2.1 |
| 2010 | 237,110 | 116,181 | 2.0 |
| 2011 | 233,674 | 121,948 | 1.9 |
| 2012 | 230,536 | 126,813 | 1.8 |
| 2013 | 222,710 | 133,128 | 1.7 |

¹Active Members exclude Legislators' Defined Contribution Plan.

²Annuitants includes retirees, disability, and beneficiaries.



Public Employees' Retirement Fund



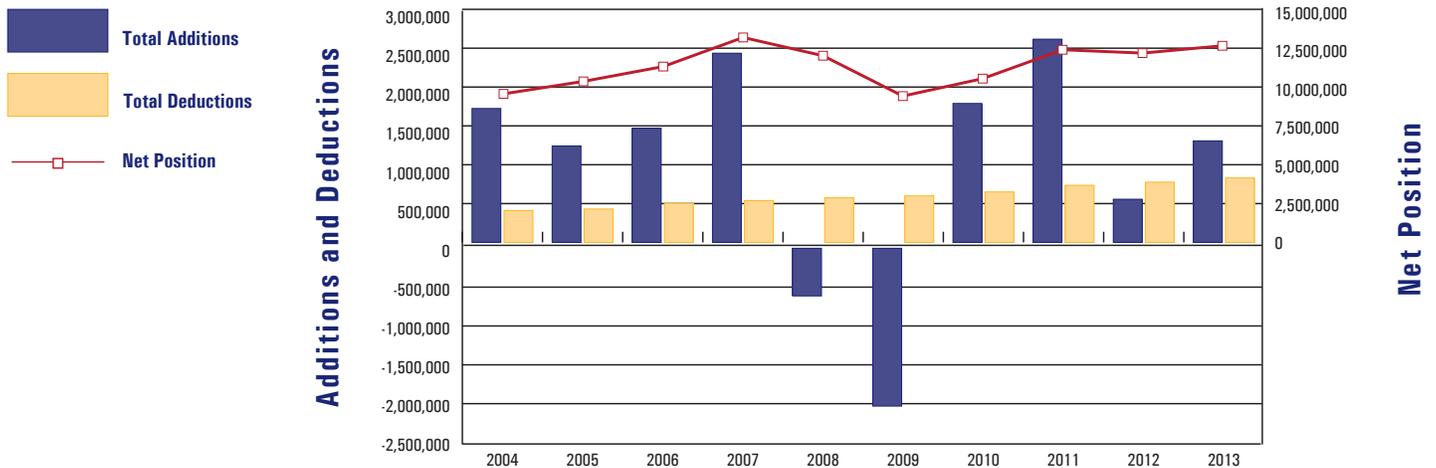
Schedule of Changes in Net Position

(dollars in thousands)

Fiscal Year Ended June 30

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| Additions | | | | | | | | | | |
| Member Contributions | \$ 135,963 | \$ 136,009 | \$ 145,753 | \$ 147,740 | \$ 155,728 | \$ 160,034 | \$ 158,089 | \$ 156,028 | \$ 158,696 | \$ 156,408 |
| Employer Contributions | 234,918 | 206,323 | 230,357 | 260,150 | 303,877 | 323,151 | 331,090 | 342,779 | 397,843 | 455,658 |
| Investment Income / (Loss) | 1,351,210 | 896,408 | 1,093,658 | 2,024,539 | (1,079,918) | (2,517,955) | 1,297,543 | 2,112,090 | (3,952) | 691,332 |
| Interfund Transfers | 2,364 | 2,982 | 1,496 | 2,695 | 6,356 | 3,115 | 2,361 | 5,302 | 3,341 | 4,363 |
| Other Additions | 18 | 560 | 45 | 145 | 287 | 32 | 39 | 15 | 8 | 31 |
| Total Additions | \$ 1,724,473 | \$ 1,242,282 | \$ 1,471,309 | \$ 2,435,269 | \$ (613,670) | \$ (2,031,623) | \$ 1,789,122 | \$ 2,616,214 | \$ 555,936 | \$ 1,307,792 |
| Deductions | | | | | | | | | | |
| Pension Benefits | \$ 346,878 | \$ 350,810 | \$ 391,173 | \$ 433,463 | \$ 467,994 | \$ 500,214 | \$ 539,540 | \$ 600,797 | \$ 628,522 | \$ 679,680 |
| Disability Benefits | 14,576 | 25,032 | 27,394 | 32,546 | 33,643 | 36,569 | 40,171 | 37,663 | 40,659 | 42,905 |
| Death Benefits | - | 1 | - | - | - | - | - | - | - | - |
| Distributions of Contributions and Interest | 32,906 | 35,009 | 65,804 | 48,334 | 45,610 | 36,099 | 39,632 | 65,178 | 69,879 | 68,775 |
| Administrative and Project Expenses | 13,418 | 15,688 | 14,273 | 17,943 | 21,183 | 21,497 | 24,959 | 22,461 | 24,793 | 29,181 |
| Interfund Transfers | 2,781 | 3,973 | 5,110 | 6,795 | 6,844 | 5,132 | 5,837 | 10,078 | 9,684 | 10,405 |
| Total Deductions | \$ 410,559 | \$ 430,513 | \$ 503,754 | \$ 539,081 | \$ 575,274 | \$ 599,511 | \$ 650,139 | \$ 736,177 | \$ 773,537 | \$ 830,946 |
| Changes in Net Position | | | | | | | | | | |
| Beginning of Year | \$ 8,272,988 | \$ 9,586,902 | \$ 10,398,671 | \$ 11,366,226 | \$ 13,262,414 | \$ 12,073,470 | \$ 9,442,336 | \$ 10,581,319 | \$ 12,461,356 | \$ 12,243,755 |
| End of Year | 9,586,902 | 10,398,671 | 11,366,226 | 13,262,414 | 12,073,470 | 9,442,336 | 10,581,319 | 12,461,356 | 12,243,755 | 12,720,601 |
| Net Increase / (Decrease) | \$ 1,313,914 | \$ 811,769 | \$ 967,555 | \$ 1,896,188 | \$ (1,188,944) | \$ (2,631,134) | \$ 1,138,983 | \$ 1,880,037 | \$ (217,601) | \$ 476,846 |

Ten-Year Comparison of Net Position, Additions and Deductions (dollars in thousands)



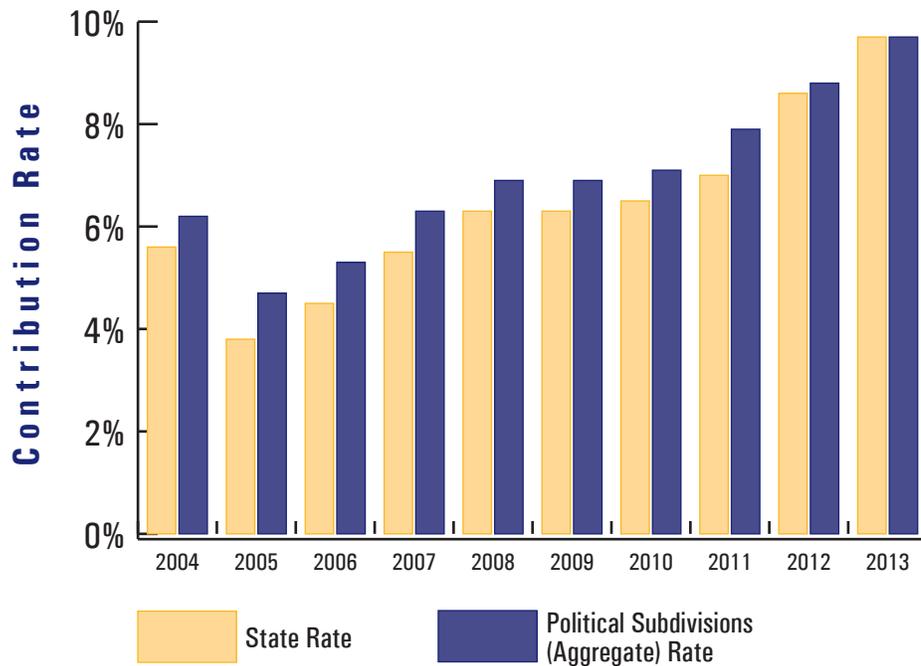
Public Employees' Retirement Fund



Schedule of Historical Contribution Rates

| Fiscal Year Ended June 30 | State Rate | Political Subdivisions (Aggregate) Rate |
|---------------------------|------------|---|
| 2004 | 5.6% | 6.2% |
| 2005 | 3.8 | 4.7 |
| 2006 | 4.5 | 5.3 |
| 2007 | 5.5 | 6.3 |
| 2008 | 6.3 | 6.9 |
| 2009 | 6.3 | 6.9 |
| 2010 | 6.5 | 7.1 |
| 2011 | 7.0 | 7.9 |
| 2012 | 8.6 | 8.8 |
| 2013 | 9.7 | 9.7 |

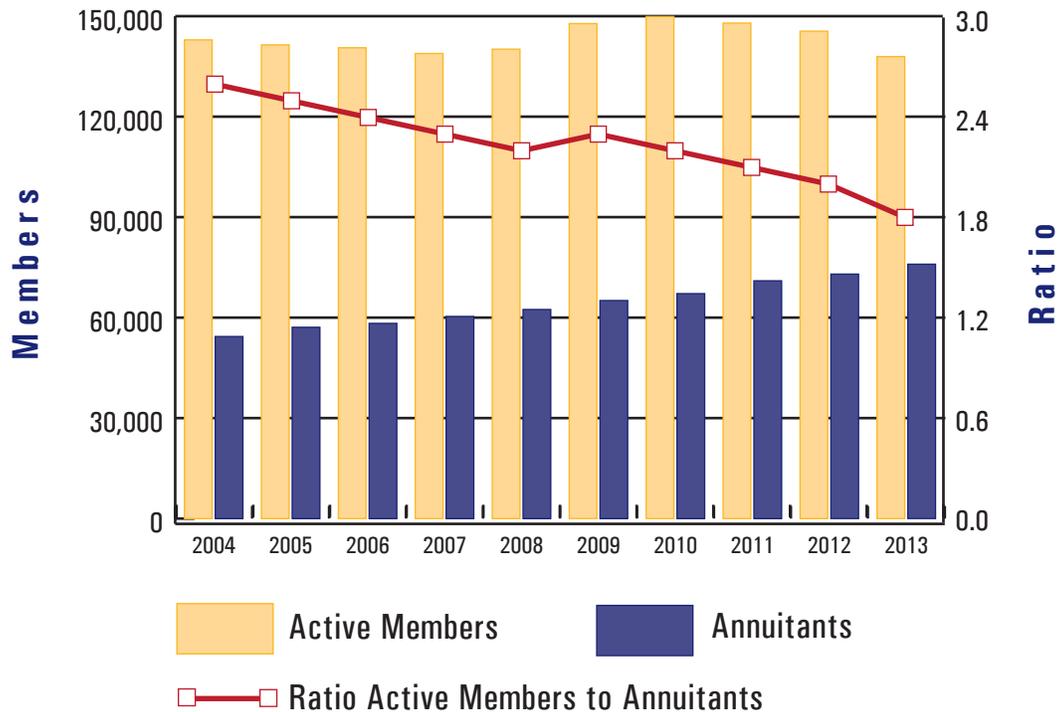
Memo:
Effective Date July 1 January 1



Ratio of Active Members to Annuitants

| Fiscal Year Ended June 30 | Active Members | Annuitants ¹ | Ratio Active Members To Annuitants |
|---------------------------|----------------|-------------------------|------------------------------------|
| 2004 | 142,913 | 54,354 | 2.6 |
| 2005 | 141,428 | 57,121 | 2.5 |
| 2006 | 140,563 | 58,283 | 2.4 |
| 2007 | 138,863 | 60,332 | 2.3 |
| 2008 | 140,146 | 62,424 | 2.2 |
| 2009 | 147,792 | 65,099 | 2.3 |
| 2010 | 149,877 | 67,166 | 2.2 |
| 2011 | 147,933 | 70,380 | 2.1 |
| 2012 | 145,519 | 72,992 | 2.0 |
| 2013 | 137,937 | 75,950 | 1.8 |

¹Annuitants includes retirees, disabilitants, and beneficiaries.

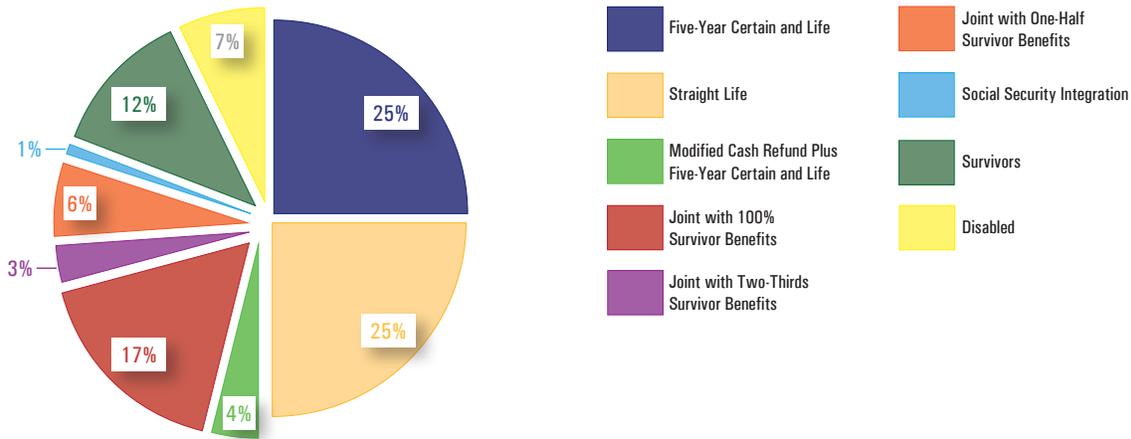


Schedule of Benefit Recipients by Type of Benefit Option

Number of Benefit Recipients by Benefit Option

| Amount of Monthly Benefit (in dollars) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Total Benefit Recipients |
|--|-----------------------|---------------|---|-----------------------------------|---|---------------------------------------|-----------------------------|--------------|--------------|--------------------------|
| | 5-Year Certain & Life | Straight Life | Modified Cash Refund Plus 5-Year Certain & Life | Joint With 100% Survivor Benefits | Joint With Two-Thirds Survivor Benefits | Joint With One-Half Survivor Benefits | Social Security Integration | Survivors | Disabled | |
| \$ 1 - 500 | 11,190 | 7,637 | 960 | 6,166 | 652 | 1,559 | 300 | 6,071 | 3,116 | 37,651 |
| 501 - 1,000 | 5,564 | 6,418 | 971 | 3,769 | 825 | 1,689 | 185 | 2,218 | 1,342 | 22,981 |
| 1,001 - 1,500 | 1,682 | 2,796 | 425 | 1,922 | 461 | 894 | 68 | 555 | 341 | 9,144 |
| 1,501 - 2,000 | 570 | 1,181 | 176 | 748 | 261 | 337 | 56 | 156 | 85 | 3,570 |
| 2,001 - 3,000 | 273 | 690 | 135 | 459 | 180 | 270 | 49 | 71 | 21 | 2,148 |
| over 3,000 | 45 | 170 | 27 | 84 | 53 | 53 | 10 | 12 | 2 | 456 |
| Total | 19,324 | 18,892 | 2,694 | 13,148 | 2,432 | 4,802 | 668 | 9,083 | 4,907 | 75,950 |

Memo: Percent 25% 25% 4% 17% 3% 6% 1% 12% 7% 100%



- (5-Year Certain & Life) – Provides a monthly benefit for retiree’s life. If retiree receives benefits for at least five (5) years prior to death, there is no benefit payable to a designated beneficiary. In the event the retiree dies before receiving five (5) years of payments, the beneficiary receives the remainder of those five (5) years of monthly benefits, or the present value of those remaining payments in a lump sum.
- (Straight Life) – Provides a monthly benefit for retiree’s life. The benefit ceases upon the death of the retiree. If applicable, the balance of the retiree’s Annuity Savings Account (ASA) is distributed to a designated beneficiary or estate if the remaining ASA is greater than the total payments previously paid to the retiree.
- (Modified Cash Refund Plus 5-Year Certain & Life) – Provides a monthly benefit for retiree’s life, including monthly annuitization of member’s Annuity Savings Account (ASA). In the event the retiree dies before receiving five (5) years of payments, the beneficiary receives either a monthly benefit of the pension amount only for the remainder of the five (5) years of guaranteed pension payments, or the present value of those pension payments in a lump sum. If applicable, the balance of the retiree’s ASA is distributed to a designated beneficiary or estate if the remaining ASA is greater than the ASA-related payments previously paid to the retiree.
- (Joint With 100% Survivor Benefits) – Provides a monthly benefit for retiree’s life. Upon the death of the retiree, the qualified designated survivor receives 100 percent of the member’s monthly benefit for the remainder of the survivor’s life.
- (Joint With Two-Thirds Survivor Benefits) – Provides a monthly benefit for retiree’s life. Upon the death of the retiree, the qualified designated survivor receives 66 2/3 percent of the member’s monthly benefit for the remainder of the survivor’s life.
- (Joint With One-Half Survivor Benefits) – Provides a monthly benefit for retiree’s life. Upon the death of the retiree, the qualified designated survivor receives 50 percent of the member’s monthly benefit for the remainder of the survivor’s life.
- (Social Security Integration) – Provides a higher monthly benefit for a retiree between the ages 50 and 62 who elects to integrate social security with the monthly benefit. For PERF retirees, the monthly benefit is reduced at age 62 to no less than \$180 depending on the estimated monthly benefit from social security at age 62.
- (Survivors) – Members receiving a survivor benefit in accordance with the applicable statute. The benefit ceases upon the death of the survivor.
- (Disability) – Members receiving a disability benefit in accordance with the applicable statute. For PERF, five (5) or more years of creditable service is required to be eligible for a disability benefit.

Public Employees' Retirement Fund



Schedule of Average Benefit Payments¹

| Description | Years of Credited Service | | | | | | Total |
|--|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | < 10 ² | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Fiscal Year Ended June 30, 2013 | | | | | | | |
| Average Monthly Defined Benefit | \$ 154 | \$ 269 | \$ 370 | \$ 515 | \$ 715 | \$ 1,160 | \$ 569 |
| Average Monthly ASA Annuity ³ | \$ 42 | \$ 94 | \$ 124 | \$ 180 | \$ 244 | \$ 425 | \$ 199 |
| Average Final Average Salary | \$ 22,762 | \$ 22,669 | \$ 25,080 | \$ 27,190 | \$ 30,044 | \$ 37,145 | \$ 28,019 |
| Number of Benefit Recipients | 2,670 | 12,866 | 19,825 | 15,757 | 11,079 | 13,753 | 75,950 |
| Fiscal Year Ended June 30, 2012 | | | | | | | |
| Average Monthly Defined Benefit | \$ 156 | \$ 265 | \$ 363 | \$ 504 | \$ 701 | \$ 1,139 | \$ 555 |
| Average Monthly ASA Annuity ³ | \$ 42 | \$ 89 | \$ 116 | \$ 171 | \$ 233 | \$ 407 | \$ 188 |
| Average Final Average Salary | \$ 22,105 | \$ 21,993 | \$ 24,513 | \$ 26,534 | \$ 29,347 | \$ 36,331 | \$ 27,306 |
| Number of Benefit Recipients | 2,523 | 12,369 | 19,361 | 15,258 | 10,589 | 12,892 | 72,992 |
| Fiscal Year Ended June 30, 2011 | | | | | | | |
| Average Monthly Defined Benefit | \$ 159 | \$ 263 | \$ 358 | \$ 495 | \$ 687 | \$ 1,120 | \$ 542 |
| Average Monthly ASA Annuity ³ | \$ 39 | \$ 85 | \$ 110 | \$ 162 | \$ 223 | \$ 386 | \$ 176 |
| Average Final Average Salary | \$ 21,397 | \$ 21,487 | \$ 24,034 | \$ 25,883 | \$ 28,617 | \$ 35,542 | \$ 26,632 |
| Number of Benefit Recipients | 2,373 | 12,036 | 19,007 | 14,731 | 10,190 | 12,043 | 70,380 |

¹INPRS intends to make this schedule a 10-year schedule over time.

²Members with less than 10 years of service are: (1) a member receiving a disability benefit from INPRS; (2) a member who has at least eight (8) years of creditable service as a county clerk, county auditor, county recorder, county treasurer, county sheriff or county coroner eligible for a normal retirement after reaching age 65 (applies to only members retiring after June 30, 2002); (3) a member who has at least eight (8) years of creditable service as a state auditor, state treasurer, or secretary of state (whose term commences after the November 5, 2002 election).

³Members may choose to take the distribution of the Annuity Savings Account (ASA) in two (2) ways. This represents those retirees who elected to receive their ASAs as a supplemental monthly payment in addition to the monthly Defined Benefit payment.

Note: Based on the actuarial valuation as of June 30, 2013, approximately 56% of PERF members annuitized their ASA balances.

Public Employees' Retirement Fund



Schedule of Participating Employers: Top 10

| Participating Employer | June 30, 2013 | | | June 30, 2004 | | |
|---|-----------------|------|--------------------------|-----------------|------|--------------------------|
| | Covered Members | Rank | Percentage of Total PERF | Covered Members | Rank | Percentage of Total PERF |
| Top 10 Employers | | | | | | |
| State of Indiana | 28,316 | 1 | 20.5% | 37,558 | 1 | 26.3% |
| Indiana University | 6,174 | 2 | 4.5 | 7,269 | 2 | 5.1 |
| Health & Hospital Corporation – Marion County | 4,575 | 3 | 3.3 | 3,489 | 4 | 2.4 |
| Purdue University | 4,497 | 4 | 3.3 | 4,624 | 3 | 3.2 |
| Marion County | 2,643 | 5 | 1.9 | 2,699 | 5 | 1.9 |
| Indianapolis Public Schools | 1,946 | 6 | 1.4 | 2,471 | 6 | 1.7 |
| Fort Wayne Community Schools | 1,904 | 7 | 1.4 | 1,960 | 7 | 1.4 |
| City of Indianapolis | 1,633 | 8 | 1.2 | 1,907 | 8 | 1.3 |
| Lake County | 1,441 | 9 | 1.0 | 1,825 | 9 | 1.3 |
| South Bend Community School Corporation | 1,283 | 10 | 0.9 | 1,430 | 10 | 1.0 |
| Total – Top 10 Employers | 54,412 | | 39.4 | 65,232 | | 45.6 |
| All Other (1,127 Employers in 2013; 1,116 Employers in 2004) | 83,525 | | 60.6 | 77,681 | | 54.4 |
| Grand Total (1,137 Employers in 2013; 1,126 Employers in 2004) | 137,937 | | 100.0% | 142,913 | | 100.0% |

Teachers' Retirement Fund



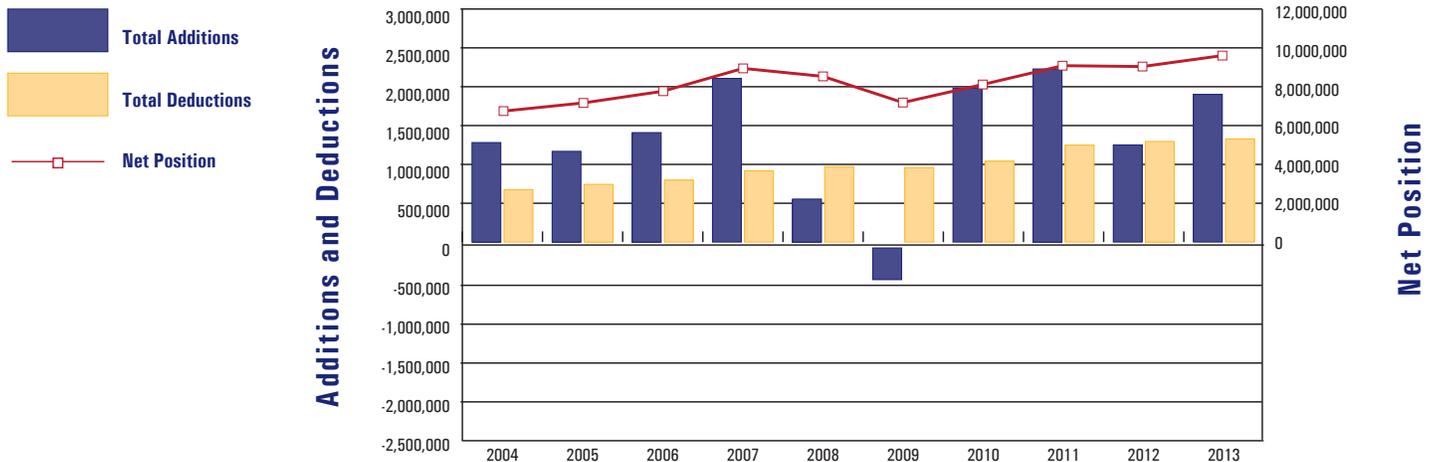
Schedule of Changes in Net Position

(dollars in thousands)

Fiscal Year Ended June 30

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| Additions | | | | | | | | | | |
| Member Contributions | \$ 115,833 | \$ 117,897 | \$ 130,496 | \$ 126,195 | \$ 123,928 | \$ 128,568 | \$ 131,676 | \$ 126,784 | \$ 129,962 | \$ 122,953 |
| Employer Contributions | 408,180 | 454,779 | 671,340 | 723,039 | 778,128 | 819,187 | 849,855 | 880,611 | 915,490 | 1,163,794 |
| Investment Income / (Loss) | 723,094 | 560,890 | 572,290 | 1,223,431 | (381,080) | (1,390,148) | 965,556 | 1,177,390 | 166,001 | 573,709 |
| Interfund Transfers | 2,781 | 3,973 | 5,092 | 3,841 | 3,188 | 4,260 | 5,510 | 8,827 | 9,304 | 10,204 |
| Other Additions | 31,424 | 30,864 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 35,000 | 30,000 | 30,010 |
| Total Additions | \$ 1,281,312 | \$ 1,168,403 | \$ 1,409,218 | \$ 2,106,506 | \$ 554,164 | \$ (408,133) | \$ 1,982,597 | \$ 2,228,612 | \$ 1,250,757 | \$ 1,900,670 |
| Deductions | | | | | | | | | | |
| Pension Benefits | \$ 655,234 | \$ 723,626 | \$ 779,616 | \$ 897,580 | \$ 950,755 | \$ 934,216 | \$ 1,017,030 | \$ 1,210,936 | \$ 1,256,887 | \$ 1,287,388 |
| Disability Benefits | 118 | 108 | 98 | 96 | 100 | 80 | 74 | 63 | 51 | 51 |
| Distributions of Contributions and Interest | 9,704 | 9,237 | 9,562 | 12,901 | 10,463 | 9,613 | 10,447 | 20,565 | 21,236 | 22,664 |
| Administrative and Project Expenses | 7,628 | 7,025 | 6,750 | 6,522 | 6,920 | 10,254 | 11,076 | 10,840 | 13,954 | 14,408 |
| Interfund Transfers | 2,364 | 2,982 | 1,484 | 37 | 2,761 | 2,525 | 2,339 | 5,239 | 3,308 | 4,339 |
| Total Deductions | \$ 675,048 | \$ 742,978 | \$ 797,510 | \$ 917,136 | \$ 970,999 | \$ 956,688 | \$ 1,040,966 | \$ 1,247,643 | \$ 1,295,436 | \$ 1,328,850 |
| Changes in Net Position | | | | | | | | | | |
| Beginning of Year | \$ 6,148,027 | \$ 6,754,291 | \$ 7,179,716 | \$ 7,791,424 | \$ 8,980,794 | \$ 8,563,959 | \$ 7,199,138 | \$ 8,140,769 | \$ 9,121,738 | \$ 9,077,059 |
| End of Year | 6,754,291 | 7,179,716 | 7,791,424 | 8,980,794 | 8,563,959 | 7,199,138 | 8,140,769 | 9,121,738 | 9,077,059 | 9,648,879 |
| Net Increase / (Decrease) | \$ 606,264 | \$ 425,425 | \$ 611,708 | \$ 1,189,370 | \$ (416,835) | \$ (1,364,821) | \$ 941,631 | \$ 980,969 | \$ (44,679) | \$ 571,820 |

Ten-Year Comparison of Net Position, Additions and Deductions (dollars in thousands)

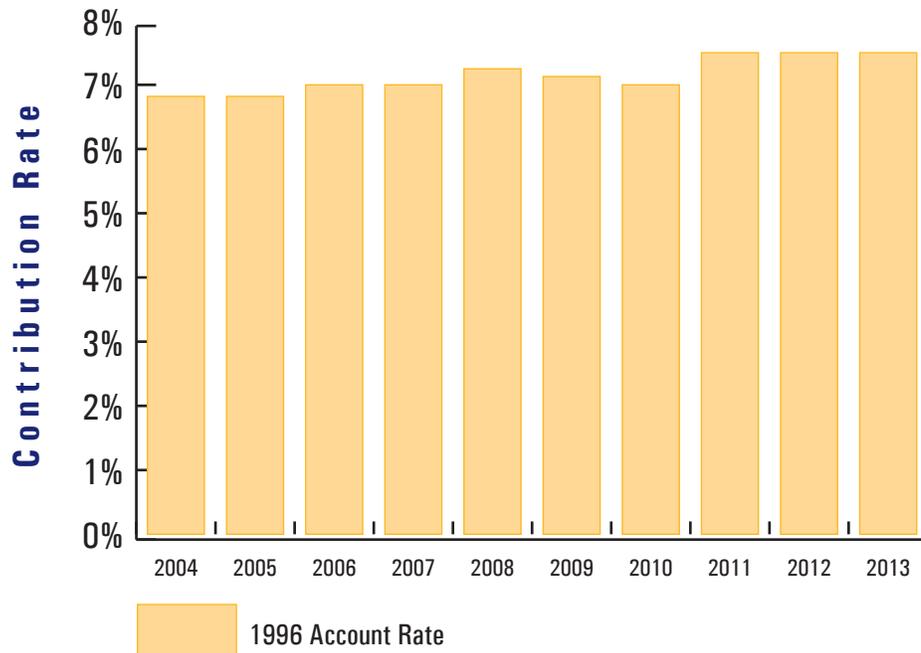


Schedule of Historical Contribution Rates

| Fiscal Year Ended June 30 | 1996 Account Rate |
|---------------------------|-------------------|
| 2004 | 6.82% |
| 2005 | 6.82 |
| 2006 | 7.00 |
| 2007 | 7.00 |
| 2008 | 7.25 |
| 2009 ¹ | 7.13 |
| 2010 | 7.00 |
| 2011 | 7.50 |
| 2012 | 7.50 |
| 2013 | 7.50 |

Memo:
Effective Date July 1

¹7.25 percent from July 1 - Dec. 31, 2008; 7.0 percent from Jan. 1 - June 30, 2009.



Teachers' Retirement Fund



Ratio of Active Members to Annuitants

Pre-1996 Account

| Fiscal Year Ended June 30 | Active Members | Annuitants ¹ | Ratio Active Members To Annuitants |
|---------------------------|----------------|-------------------------|------------------------------------|
| 2004 | 41,510 | 36,271 | 1.1 |
| 2005 | 39,097 | 37,421 | 1.0 |
| 2006 | 36,994 | 38,522 | 1.0 |
| 2007 | 36,526 | 39,328 | 0.9 |
| 2008 | 34,628 | 40,554 | 0.9 |
| 2009 | 29,297 | 42,548 | 0.7 |
| 2010 | 26,439 | 43,478 | 0.6 |
| 2011 | 24,710 | 45,421 | 0.5 |
| 2012 | 22,688 | 47,000 | 0.5 |
| 2013 | 19,210 | 49,345 | 0.4 |

1996 Account

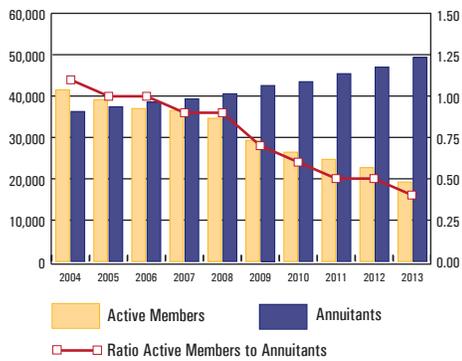
| Fiscal Year Ended June 30 | Active Members | Annuitants ¹ | Ratio Active Members To Annuitants |
|---------------------------|----------------|-------------------------|------------------------------------|
| 2004 | 32,000 | 797 | 40.2 |
| 2005 | 34,826 | 1,091 | 31.9 |
| 2006 | 36,356 | 1,327 | 27.4 |
| 2007 | 39,307 | 1,925 | 20.4 |
| 2008 | 41,628 | 2,263 | 18.4 |
| 2009 | 45,046 | 1,944 | 23.2 |
| 2010 | 46,433 | 2,181 | 21.3 |
| 2011 | 46,633 | 2,554 | 18.3 |
| 2012 | 47,885 | 2,971 | 16.1 |
| 2013 | 51,204 | 3,665 | 14.0 |

Total

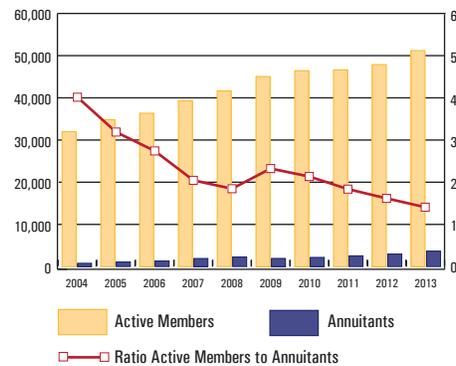
| Fiscal Year Ended June 30 | Active Members | Annuitants ¹ | Ratio Active Members To Annuitants |
|---------------------------|----------------|-------------------------|------------------------------------|
| 2004 | 73,510 | 37,068 | 2.0 |
| 2005 | 73,923 | 38,512 | 1.9 |
| 2006 | 73,350 | 39,849 | 1.8 |
| 2007 | 75,833 | 41,253 | 1.8 |
| 2008 | 76,256 | 42,817 | 1.8 |
| 2009 | 74,343 | 44,492 | 1.7 |
| 2010 | 72,872 | 45,659 | 1.6 |
| 2011 | 71,343 | 47,975 | 1.5 |
| 2012 | 70,573 | 49,971 | 1.4 |
| 2013 | 70,414 | 53,010 | 1.3 |

¹Annuitants includes retirees, disability, and beneficiaries.

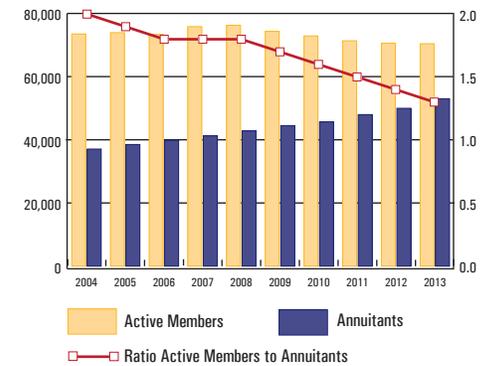
Pre-1996 Account



1996 Account



Total

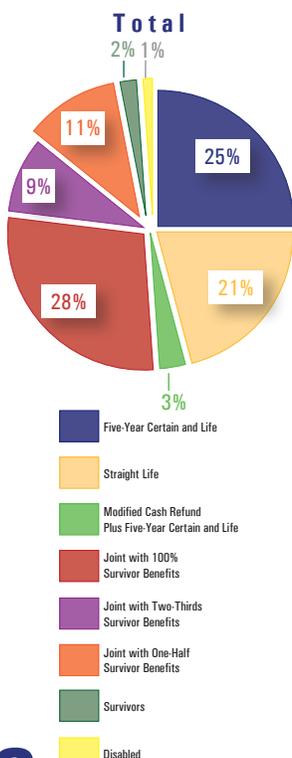


Schedule of Benefit Recipients by Type of Benefit Option

Number of Benefit Recipients by Benefit Option

| Amount of Monthly Benefit (in dollars) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Total Benefit Recipients |
|--|-----------------------|---------------|---|-----------------------------------|---|---------------------------------------|-----------------------------|--------------|------------|--------------------------|
| | 5-Year Certain & Life | Straight Life | Modified Cash Refund Plus 5-Year Certain & Life | Joint With 100% Survivor Benefits | Joint With Two-Thirds Survivor Benefits | Joint With One-Half Survivor Benefits | Social Security Integration | Survivors | Disabled | |
| Pre-1996 Account | | | | | | | | | | |
| \$ 1 - 500 | 1,725 | 839 | 214 | 1,089 | 236 | 419 | Incl. 1-6 | 473 | 77 | 5,072 |
| 501 - 1,000 | 2,085 | 1,423 | 311 | 1,911 | 685 | 930 | Incl. 1-6 | 340 | 179 | 7,864 |
| 1,001 - 1,500 | 3,111 | 2,437 | 433 | 3,877 | 1,180 | 1,319 | Incl. 1-6 | 150 | 223 | 12,730 |
| 1,501 - 2,000 | 2,987 | 2,816 | 356 | 4,184 | 1,395 | 1,623 | Incl. 1-6 | 131 | 110 | 13,602 |
| 2,001 - 3,000 | 2,047 | 2,384 | 273 | 2,338 | 914 | 1,109 | Incl. 1-6 | 52 | 26 | 9,143 |
| over 3,000 | 211 | 252 | 23 | 228 | 102 | 118 | Incl. 1-6 | 0 | 0 | 934 |
| Total | 12,166 | 10,151 | 1,610 | 13,627 | 4,512 | 5,518 | Incl. 1-6 | 1,146 | 615 | 49,345 |
| 1996 Account | | | | | | | | | | |
| \$ 1 - 500 | 168 | 114 | 19 | 120 | 17 | 31 | Incl. 1-6 | 23 | 55 | 547 |
| 501 - 1,000 | 258 | 206 | 52 | 237 | 56 | 80 | Incl. 1-6 | 24 | 49 | 962 |
| 1,001 - 1,500 | 204 | 171 | 40 | 202 | 62 | 65 | Incl. 1-6 | 3 | 13 | 760 |
| 1,501 - 2,000 | 144 | 131 | 24 | 173 | 54 | 80 | Incl. 1-6 | 5 | 4 | 615 |
| 2,001 - 3,000 | 113 | 118 | 22 | 210 | 54 | 89 | Incl. 1-6 | 4 | 5 | 615 |
| over 3,000 | 35 | 41 | 1 | 52 | 20 | 17 | Incl. 1-6 | 0 | 0 | 166 |
| Total | 922 | 781 | 158 | 994 | 263 | 362 | Incl. 1-6 | 59 | 126 | 3,665 |
| Total | | | | | | | | | | |
| \$ 1 - 500 | 1,893 | 953 | 233 | 1,209 | 253 | 450 | Incl. 1-6 | 496 | 132 | 5,619 |
| 501 - 1,000 | 2,343 | 1,629 | 363 | 2,148 | 741 | 1,010 | Incl. 1-6 | 364 | 228 | 8,826 |
| 1,001 - 1,500 | 3,315 | 2,608 | 473 | 4,079 | 1,242 | 1,384 | Incl. 1-6 | 153 | 236 | 13,490 |
| 1,501 - 2,000 | 3,131 | 2,947 | 380 | 4,357 | 1,449 | 1,703 | Incl. 1-6 | 136 | 114 | 14,217 |
| 2,001 - 3,000 | 2,160 | 2,502 | 295 | 2,548 | 968 | 1,198 | Incl. 1-6 | 56 | 31 | 9,758 |
| over 3,000 | 246 | 293 | 24 | 280 | 122 | 135 | Incl. 1-6 | 0 | 0 | 1,100 |
| Total | 13,088 | 10,932 | 1,768 | 14,621 | 4,775 | 5,880 | Incl. 1-6 | 1,205 | 741 | 53,010 |

Memo: Percent 25% 21% 3% 28% 9% 11% N.A. 2% 1% 100%



- (5-Year Certain & Life) – Provides a monthly benefit for retiree's life. If retiree receives benefits for at least five (5) years prior to death, there is no benefit payable to a designated beneficiary. In the event the retiree dies before receiving five (5) years of payments, the beneficiary receives the remainder of those five (5) years of monthly benefits, or the present value of those remaining payments in a lump sum.
- (Straight Life) – Provides a monthly benefit for retiree's life. The benefit ceases upon the death of the retiree. If applicable, the balance of the retiree's Annuity Savings Account (ASA) is distributed to a designated beneficiary or estate if the remaining ASA is greater than the total payments previously paid to the retiree.
- (Modified Cash Refund Plus 5-Year Certain & Life) – Provides a monthly benefit for retiree's life, including monthly annuitization of member's Annuity Savings Account (ASA). In the event the retiree dies before receiving five (5) years of payments, the beneficiary receives either a monthly benefit of the pension amount only for the remainder of the five (5) years of guaranteed pension payments, or the present value of those pension payments in a lump sum. If applicable, the balance of the retiree's ASA is distributed to a designated beneficiary or estate if the remaining ASA is greater than the ASA-related payments previously paid to the retiree.
- (Joint With 100% Survivor Benefits) – Provides a monthly benefit for retiree's life. Upon the death of the retiree, the qualified designated survivor receives 100 percent of the member's monthly benefit for the remainder of the survivor's life.
- (Joint With Two-Thirds Survivor Benefits) – Provides a monthly benefit for retiree's life. Upon the death of the retiree, the qualified designated survivor receives 66 2/3 percent of the member's monthly benefit for the remainder of the survivor's life.
- (Joint With One-Half Survivor Benefits) – Provides a monthly benefit for retiree's life. Upon the death of the retiree, the qualified designated survivor receives 50 percent of the member's monthly benefit for the remainder of the survivor's life.
- (Social Security Integration) – Provides a higher monthly benefit for a retiree between the ages 50 and 62 who elects to integrate social security with the monthly benefit. For TRF retirees, social security integration can be incorporated with options 1-6 and the number of retirees electing social security integration is included in the number of retirees electing options 1-6. For TRF retirees, the monthly benefit is reduced or terminated at age 62 depending on the estimated monthly benefit from social security at age 62.
- (Survivors) – Members receiving a survivor benefit in accordance with the applicable statute. The benefit ceases upon the death of the survivor.
- (Disability) – Members receiving a disability benefit in accordance with the applicable statute. For TRF, five (5) or more years of creditable service is required to be eligible for a disability benefit. Includes Classroom Disability which provides a benefit of \$125 per month plus \$5 for each additional year of TRF-covered service over five (5) years.

Teachers' Retirement Fund



Schedule of Average Benefit Payments¹

| Description | Years of Credited Service | | | | | | Total |
|--|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | < 10 ² | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Pre-1996 Account | | | | | | | |
| Fiscal Year Ended June 30, 2013 | | | | | | | |
| Average Monthly Defined Benefit | \$ 405 | \$ 258 | \$ 517 | \$ 834 | \$ 1,187 | \$ 1,793 | \$ 1,453 |
| Average Monthly ASA Annuity ³ | \$ 57 | \$ 108 | \$ 104 | \$ 128 | \$ 159 | \$ 225 | \$ 191 |
| Average Final Average Salary | \$ 24,193 | \$ 22,426 | \$ 35,702 | \$ 43,604 | \$ 48,801 | \$ 55,636 | \$ 50,855 |
| Number of Benefit Recipients | 36 | 1,185 | 3,720 | 5,541 | 7,987 | 30,876 | 49,345 |
| Fiscal Year Ended June 30, 2012 | | | | | | | |
| Average Monthly Defined Benefit | \$ 311 | \$ 252 | \$ 503 | \$ 804 | \$ 1,150 | \$ 1,747 | \$ 1,405 |
| Average Monthly ASA Annuity ³ | \$ 14 | \$ 101 | \$ 101 | \$ 126 | \$ 156 | \$ 222 | \$ 187 |
| Average Final Average Salary | \$ 23,116 | \$ 21,575 | \$ 34,714 | \$ 41,788 | \$ 47,172 | \$ 54,014 | \$ 49,136 |
| Number of Benefit Recipients | 39 | 1,178 | 3,719 | 5,366 | 7,672 | 29,026 | 47,000 |
| Fiscal Year Ended June 30, 2011 | | | | | | | |
| Average Monthly Defined Benefit | \$ 239 | \$ 250 | \$ 493 | \$ 785 | \$ 1,130 | \$ 1,722 | \$ 1,376 |
| Average Monthly ASA Annuity ³ | \$ 15 | \$ 99 | \$ 96 | \$ 125 | \$ 154 | \$ 220 | \$ 185 |
| Average Final Average Salary | \$ 20,085 | \$ 21,205 | \$ 33,684 | \$ 40,472 | \$ 45,837 | \$ 52,751 | \$ 47,787 |
| Number of Benefit Recipients | 37 | 1,170 | 3,735 | 5,252 | 7,467 | 27,760 | 45,421 |
| 1996 Account | | | | | | | |
| Fiscal Year Ended June 30, 2013 | | | | | | | |
| Average Monthly Defined Benefit | \$ 263 | \$ 450 | \$ 730 | \$ 1,041 | \$ 1,426 | \$ 2,158 | \$ 1,366 |
| Average Monthly ASA Annuity ³ | \$ 23 | \$ 71 | \$ 102 | \$ 124 | \$ 200 | \$ 230 | \$ 162 |
| Average Final Average Salary | \$ 39,665 | \$ 44,142 | \$ 51,558 | \$ 57,665 | \$ 61,752 | \$ 70,633 | \$ 59,995 |
| Number of Benefit Recipients | 36 | 406 | 822 | 537 | 504 | 1,360 | 3,665 |
| Fiscal Year Ended June 30, 2012 | | | | | | | |
| Average Monthly Defined Benefit | \$ 274 | \$ 444 | \$ 682 | \$ 995 | \$ 1,401 | \$ 2,124 | \$ 1,391 |
| Average Monthly ASA Annuity ³ | \$ 29 | \$ 72 | \$ 97 | \$ 125 | \$ 207 | \$ 223 | \$ 165 |
| Average Final Average Salary | \$ 39,141 | \$ 43,284 | \$ 48,634 | \$ 55,970 | \$ 60,295 | \$ 69,381 | \$ 59,171 |
| Number of Benefit Recipients | 33 | 308 | 577 | 411 | 420 | 1,222 | 2,971 |
| Fiscal Year Ended June 30, 2011 | | | | | | | |
| Average Monthly Defined Benefit | \$ 241 | \$ 419 | \$ 665 | \$ 963 | \$ 1,381 | \$ 2,080 | \$ 1,400 |
| Average Monthly ASA Annuity ³ | \$ 25 | \$ 76 | \$ 92 | \$ 122 | \$ 188 | \$ 216 | \$ 162 |
| Average Final Average Salary | \$ 37,883 | \$ 40,581 | \$ 47,337 | \$ 54,686 | \$ 59,531 | \$ 67,586 | \$ 58,202 |
| Number of Benefit Recipients | 27 | 247 | 453 | 341 | 363 | 1,123 | 2,554 |

¹INPRS intends to make this schedule a 10-year schedule over time.

²Members with less than 10 years of service are primarily members receiving a disability benefit from INPRS.

³Members may choose to take the distribution of the Annuity Savings Account (ASA) in two (2) ways. This represents the average ASA annuity amount across all retirees, which is in addition to the monthly Defined Benefit payment.

Note: Based on the actuarial valuation as of June 30, 2013, approximately 46% of TRF members annuitized their ASA balances.

Schedule of Participating Employers: Top 10

| Participating Employer | June 30, 2013 | | | June 30, 2004 | | |
|---|-----------------|------|-------------------------|-----------------|------|-------------------------|
| | Covered Members | Rank | Percentage of Total TRF | Covered Members | Rank | Percentage of Total TRF |
| Top 10 Employers | | | | | | |
| Indianapolis Public Schools | 2,659 | 1 | 3.8% | 3,626 | 1 | 4.9% |
| Fort Wayne Community Schools | 2,181 | 2 | 3.1 | 2,145 | 2 | 2.9 |
| Evansville-Vanderburgh School Corporation | 1,556 | 3 | 2.2 | 1,614 | 4 | 2.2 |
| South Bend Community School Corporation | 1,398 | 4 | 2.0 | 1,659 | 3 | 2.3 |
| Hamilton Southeastern Schools | 1,238 | 5 | 1.8 | | | |
| Wayne Township Metropolitan School District | 1,090 | 6 | 1.5 | 1,066 | 8 | 1.5 |
| Vigo County School Corporation | 1,041 | 7 | 1.5 | 1,237 | 6 | 1.7 |
| Elkhart Community Schools | 1,035 | 8 | 1.5 | 993 | 9 | 1.4 |
| Carmel Clay Schools | 1,017 | 9 | 1.4 | 983 | 10 | 1.3 |
| Hammond Public Schools | 978 | 10 | 1.4 | | | |
| Gary Community School Corporation | | | | 1,502 | 5 | 2.0 |
| Lawrence Township Metropolitan School District | | | | 1,130 | 7 | 1.5 |
| Total – Top 10 Employers | 14,193 | | 20.2 | 15,955 | | 21.7 |
| All Other (359 Employers in 2013; 330 Employers in 2004) | 56,221 | | 79.8 | 57,555 | | 78.3 |
| Grand Total (369 Employers in 2013; 340 Employers in 2004) | 70,414 | | 100.0% | 73,510 | | 100.0% |

1977 Police Officers' and Firefighters' Pension and Disability Fund



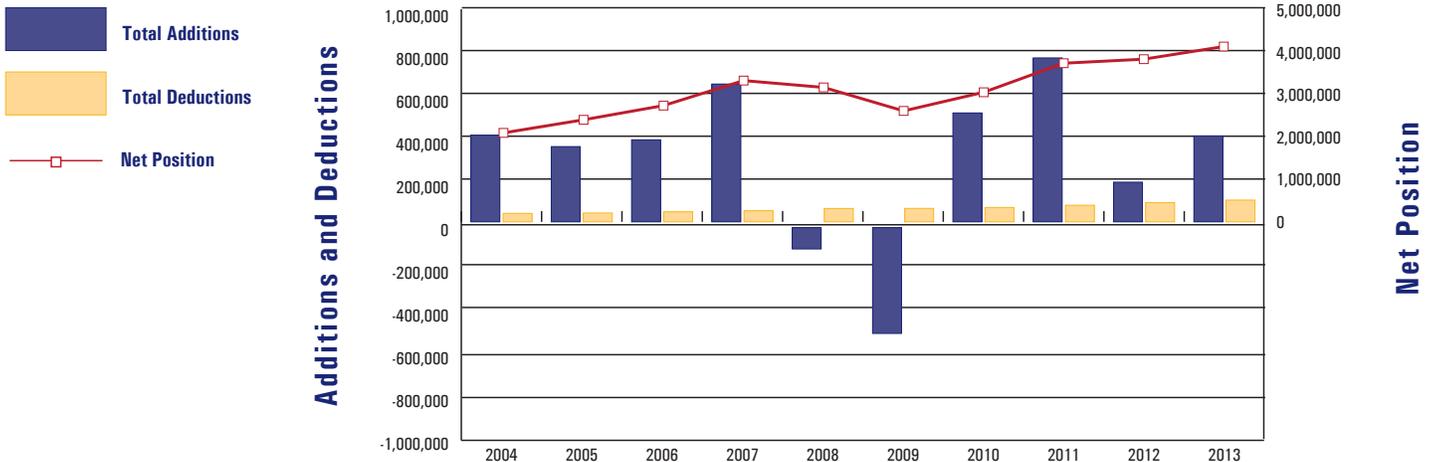
Schedule of Changes in Net Position

(dollars in thousands)

Fiscal Year Ended June 30

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| Additions | | | | | | | | | | |
| Member Contributions | \$ 28,029 | \$ 32,622 | \$ 32,231 | \$ 33,898 | \$ 36,787 | \$ 38,520 | \$ 39,826 | \$ 40,532 | \$ 40,870 | \$ 40,786 |
| Employer Contributions | 98,489 | 117,678 | 104,247 | 118,816 | 129,553 | 130,002 | 130,774 | 133,726 | 135,605 | 137,111 |
| Investment Income / (Loss) | 278,248 | 201,043 | 246,767 | 490,857 | (265,745) | (662,681) | 337,766 | 591,408 | 8,750 | 223,510 |
| Interfund Transfers | - | - | - | - | - | 131 | 237 | - | 123 | 71 |
| Other Additions | 141 | 132 | 78 | 76 | 57 | 115 | 90 | 83 | 41 | 18 |
| Total Additions | \$ 404,907 | \$ 351,475 | \$ 383,323 | \$ 643,647 | \$ (99,348) | \$ (493,913) | \$ 508,693 | \$ 765,749 | \$ 185,389 | \$ 401,496 |
| Deductions | | | | | | | | | | |
| Pension Benefits | \$ 30,538 | \$ 26,967 | \$ 30,427 | \$ 33,661 | \$ 42,790 | \$ 41,019 | \$ 47,150 | \$ 56,503 | \$ 67,920 | \$ 78,506 |
| Disability Benefits | 4,121 | 10,158 | 11,389 | 12,256 | 13,184 | 14,541 | 15,199 | 15,710 | 16,288 | 17,429 |
| Death Benefits | 58 | 9 | 9 | 72 | 108 | 306 | 564 | 624 | 738 | 794 |
| Distributions of Contributions and Interest | 2,465 | 2,475 | 2,642 | 3,293 | 3,186 | 3,172 | 2,304 | 2,662 | 3,101 | 3,074 |
| Administrative and Project Expenses | 2,405 | 1,777 | 2,153 | 2,559 | 3,156 | 3,766 | 1,865 | 2,108 | 1,662 | 1,845 |
| Interfund Transfers | - | - | - | - | 3 | 5 | - | 61 | 33 | - |
| Total Deductions | \$ 39,587 | \$ 41,386 | \$ 46,620 | \$ 51,841 | \$ 62,427 | \$ 62,809 | \$ 67,082 | \$ 77,668 | \$ 89,742 | \$ 101,648 |
| Changes in Net Position | | | | | | | | | | |
| Beginning of Year | \$ 1,706,253 | \$ 2,071,573 | \$ 2,381,662 | \$ 2,718,365 | \$ 3,310,171 | \$ 3,148,396 | \$ 2,591,674 | \$ 3,033,285 | \$ 3,721,366 | \$ 3,817,013 |
| End of Year | 2,071,573 | 2,381,662 | 2,718,365 | 3,310,171 | 3,148,396 | 2,591,674 | 3,033,285 | 3,721,366 | 3,817,013 | 4,116,861 |
| Net Increase / (Decrease) | \$ 365,320 | \$ 310,089 | \$ 336,703 | \$ 591,806 | \$ (161,775) | \$ (556,722) | \$ 441,611 | \$ 688,081 | \$ 95,647 | \$ 299,848 |

Ten-Year Comparison of Net Position, Additions and Deductions (dollars in thousands)



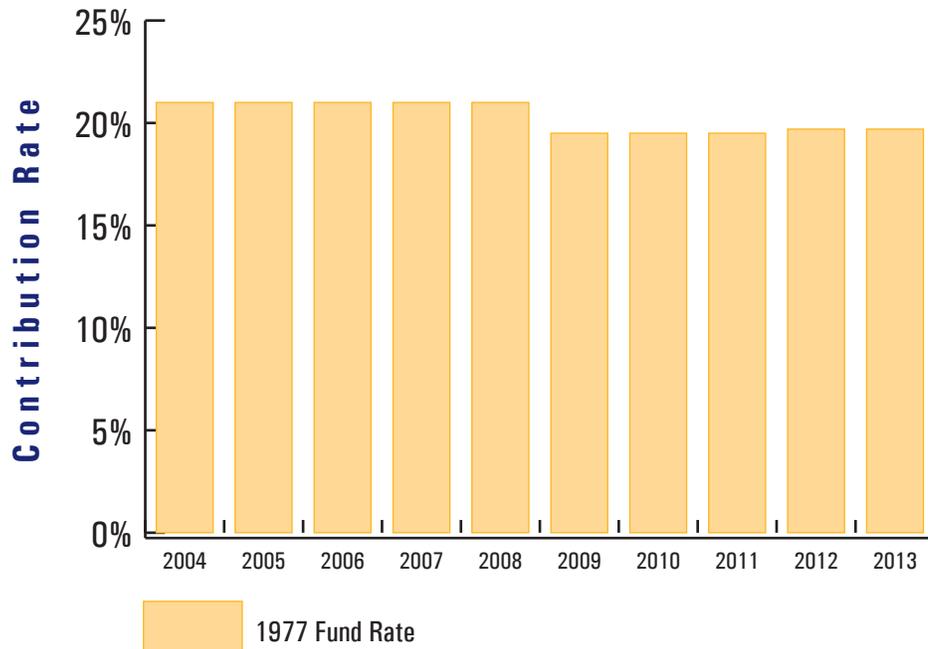
1977 Police Officers' and Firefighters' Pension and Disability Fund



Schedule of Historical Contribution Rates

| Fiscal Year Ended June 30 | 1977 Fund Rate |
|---------------------------|----------------|
| 2004 | 21.0% |
| 2005 | 21.0 |
| 2006 | 21.0 |
| 2007 | 21.0 |
| 2008 | 21.0 |
| 2009 | 19.5 |
| 2010 | 19.5 |
| 2011 | 19.5 |
| 2012 | 19.7 |
| 2013 | 19.7 |

Memo:
Effective Date January 1



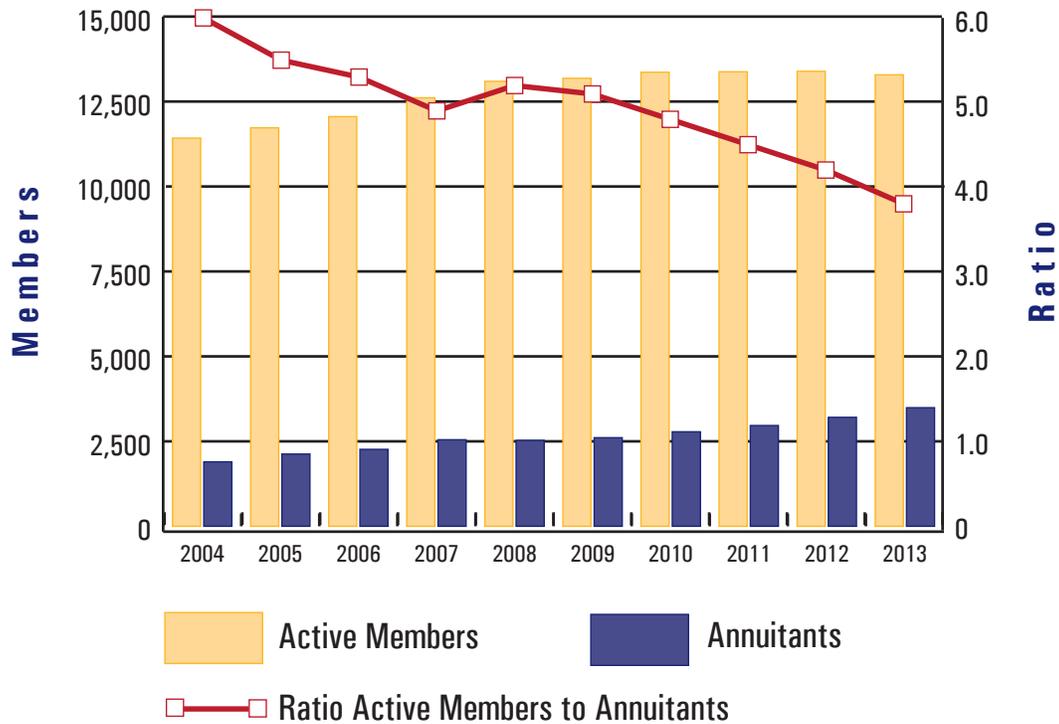
1977 Police Officers' and Firefighters' Pension and Disability Fund



Ratio of Active Members to Annuitants

| Fiscal Year Ended June 30 | Active Members | Annuitants ¹ | Ratio Active Members To Annuitants |
|---------------------------|----------------|-------------------------|------------------------------------|
| 2004 ² | 11,424 | 1,898 | 6.0 |
| 2005 ² | 11,728 | 2,127 | 5.5 |
| 2006 ² | 12,056 | 2,265 | 5.3 |
| 2007 ² | 12,611 | 2,548 | 4.9 |
| 2008 ² | 13,095 | 2,530 | 5.2 |
| 2009 | 13,184 | 2,608 | 5.1 |
| 2010 | 13,362 | 2,782 | 4.8 |
| 2011 | 13,376 | 2,966 | 4.5 |
| 2012 | 13,390 | 3,208 | 4.2 |
| 2013 | 13,287 | 3,491 | 3.8 |

¹Annuitants includes retirees, disability, and beneficiaries.
²As of December 31 instead of June 30.



Schedule of Benefit Recipients by Type of Benefit Option

Number of Benefit Recipients by Benefit Option

| Amount of Monthly Benefit (in dollars) | 1 | 2 | 3 | Total Benefit Recipients |
|--|----------------------------------|------------|------------|--------------------------|
| | Joint With 60% Survivor Benefits | Survivors | Disabled | |
| \$ 1 - 500 | 0 | 13 | 0 | 13 |
| 501 - 1,000 | 10 | 138 | 30 | 178 |
| 1,001 - 1,500 | 144 | 312 | 102 | 558 |
| 1,501 - 2,000 | 475 | 101 | 230 | 806 |
| 2,001 - 3,000 | 1,275 | 48 | 317 | 1,640 |
| over 3,000 | 259 | 9 | 28 | 296 |
| Total | 2,163 | 621 | 707 | 3,491 |

- 1 (Joint With 60% Survivor Benefits) – Provides a monthly benefit for retiree’s life. Upon retiree’s death, surviving spouse receives 60 percent of the monthly benefit for life and each surviving child receives 20 percent of the monthly benefit until age 18 or 23 if enrolled in a secondary school or accredited college or university.
- 2 (Survivors) – Members receiving a survivor benefit in accordance with the applicable statute. The benefit ceases upon the death of the survivor.
- 3 (Disability) – Members receiving a disability benefit in accordance with the applicable statute. For the 1977 Fund, there is no minimum creditable service requirement.

1977 Police Officers' and Firefighters' Pension and Disability Fund



Schedule of Average Benefit Payments¹

| Description | Years of Credited Service | | | | | | Total |
|--|---------------------------|----------------------|----------------------|-----------|-----------|-----------|-----------|
| | < 10 ² | 10 - 14 ² | 15 - 19 ² | 20 - 24 | 25 - 29 | 30+ | |
| Fiscal Year Ended June 30, 2013 | | | | | | | |
| Average Monthly Defined Benefit | \$ 1,841 | \$ 1,748 | \$ 1,734 | \$ 1,864 | \$ 2,362 | \$ 2,553 | \$ 2,084 |
| Average Final Average Salary | \$ 42,408 | \$ 45,969 | \$ 44,636 | \$ 43,120 | \$ 46,421 | \$ 48,656 | \$ 45,245 |
| Number of Benefit Recipients | 290 | 226 | 273 | 1,243 | 883 | 576 | 3,491 |
| Fiscal Year Ended June 30, 2012 | | | | | | | |
| Average Monthly Defined Benefit | \$ 1,766 | \$ 1,685 | \$ 1,685 | \$ 1,815 | \$ 2,284 | \$ 2,396 | \$ 1,999 |
| Average Final Average Salary | \$ 40,609 | \$ 45,578 | \$ 43,738 | \$ 42,368 | \$ 45,510 | \$ 47,219 | \$ 44,173 |
| Number of Benefit Recipients | 251 | 215 | 266 | 1,178 | 822 | 476 | 3,208 |
| Fiscal Year Ended June 30, 2011 | | | | | | | |
| Average Monthly Defined Benefit | \$ 1,708 | \$ 1,609 | \$ 1,636 | \$ 1,758 | \$ 2,206 | \$ 2,272 | \$ 1,916 |
| Average Final Average Salary | \$ 40,474 | \$ 44,601 | \$ 43,597 | \$ 41,438 | \$ 44,731 | \$ 47,365 | \$ 43,362 |
| Number of Benefit Recipients | 241 | 208 | 264 | 1,102 | 755 | 396 | 2,966 |

¹INPRS intends to make this schedule a 10-year schedule over time.

²Members with less than 20 years of service are primarily members receiving a disability benefit from INPRS.

1977 Police Officers' and Firefighters' Pension and Disability Fund



Schedule of Participating Employers: Top 10

| Participating Employer | June 30, 2013 | | | June 30, 2004 | | |
|---|-----------------|------|-------------------------------|-----------------|-------|-------------------------------|
| | Covered Members | Rank | Percentage of Total 1977 Fund | Covered Members | Rank | Percentage of Total 1977 Fund |
| Top 10 Employers | | | | | | |
| City of Indianapolis | 2,407 | 1 | 18.1% | 1,597 | 1 | 13.5% |
| City of Fort Wayne | 764 | 2 | 5.8 | 710 | 2 | 6.0 |
| City of Evansville | 547 | 3 | 4.1 | 481 | 3 | 4.1 |
| City of South Bend | 479 | 4 | 3.6 | 414 | 5 | 3.5 |
| City of Gary | 440 | 5 | 3.3 | 478 | 4 | 4.0 |
| City of Hammond | 351 | 6 | 2.6 | 353 | 6 | 3.0 |
| City of Terre Haute | 262 | 7 | 2.0 | 254 | 7 | 2.1 |
| City of Lafayette | 261 | 8 | 2.0 | 227 | 8 | 1.9 |
| City of Carmel | 258 | 9 | 1.9 | 226 | 9 Tie | 1.9 |
| City of Elkhart | 239 | 10 | 1.8 | | | |
| City of Anderson | | | | 226 | 9 Tie | 1.9 |
| Total – Top 10 Employers | 6,008 | | 45.2 | 4,966 | | 41.9 |
| All Other (151 Employers in 2013; 147 Employers in 2004) | 7,279 | | 54.8 | 6,890 | | 58.1 |
| Grand Total (161 Employers in 2013; 157 Employers in 2004) | 13,287 | | 100.0% | 11,856 | | 100.0% |

Judges' Retirement System



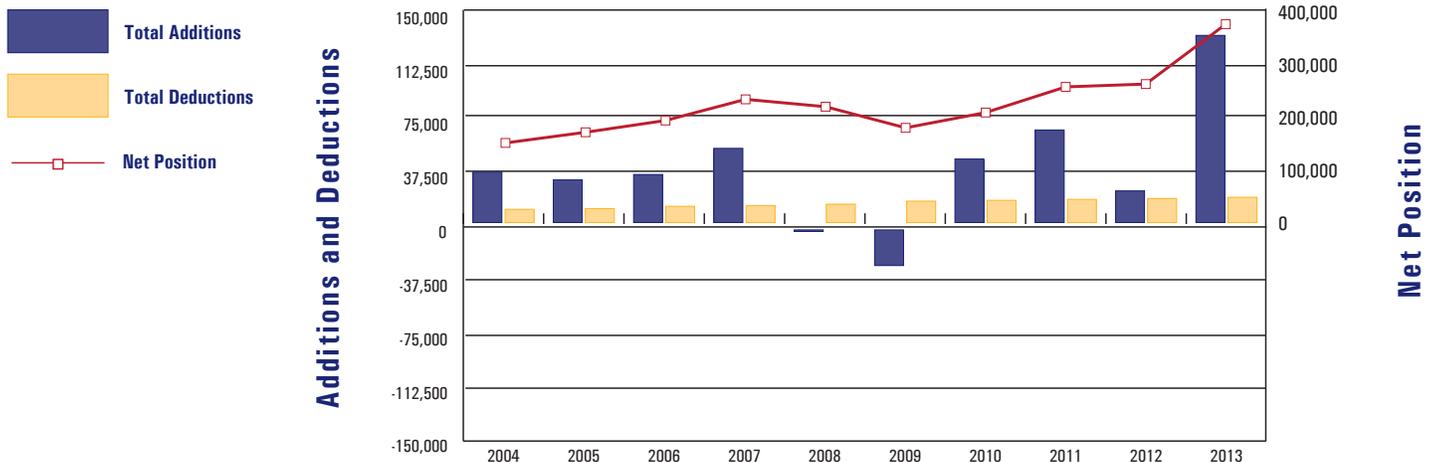
Schedule of Changes in Net Position

(dollars in thousands)

Fiscal Year Ended June 30

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|------------------|------------------|------------------|------------------|--------------------|--------------------|------------------|------------------|------------------|-------------------|
| Additions | | | | | | | | | | |
| Member Contributions | \$ 1,560 | \$ 1,569 | \$ 1,839 | \$ 1,925 | \$ 2,062 | \$ 2,196 | \$ 2,229 | \$ 3,492 | \$ 2,468 | \$ 2,631 |
| Employer Contributions | 12,965 | 13,540 | 13,537 | 14,662 | 15,920 | 20,861 | 18,631 | 19,200 | 18,896 | 111,419 |
| Investment Income / (Loss) | 20,780 | 14,814 | 18,291 | 35,419 | (19,133) | (48,194) | 23,622 | 40,871 | 595 | 16,955 |
| Interfund Transfers | - | - | 18 | - | 64 | 151 | 59 | 1,281 | 257 | 121 |
| Other Additions | 1 | - | - | - | - | - | - | - | 2 | 5 |
| Total Additions | \$ 35,306 | \$ 29,923 | \$ 33,685 | \$ 52,006 | \$ (1,087) | \$ (24,986) | \$ 44,541 | \$ 64,844 | \$ 22,218 | \$ 131,131 |
| Deductions | | | | | | | | | | |
| Pension Benefits | \$ 9,004 | \$ 9,393 | \$ 11,102 | \$ 11,554 | \$ 12,514 | \$ 14,595 | \$ 15,441 | \$ 15,996 | \$ 16,569 | \$ 17,333 |
| Disability Benefits | 37 | 94 | 113 | 110 | 65 | 54 | 29 | 92 | 158 | 193 |
| Distributions of Contributions and Interest | 45 | 119 | 6 | 72 | 50 | 55 | - | 5 | 19 | 53 |
| Administrative and Project Expenses | 197 | 134 | 149 | 194 | 244 | 308 | 104 | 160 | 132 | 126 |
| Interfund Transfers | - | - | - | - | - | - | - | - | - | - |
| Total Deductions | \$ 9,283 | \$ 9,740 | \$ 11,370 | \$ 11,930 | \$ 12,873 | \$ 15,012 | \$ 15,574 | \$ 16,253 | \$ 16,878 | \$ 17,705 |
| Changes in Net Position | | | | | | | | | | |
| Beginning of Year | \$ 124,789 | \$ 150,812 | \$ 170,995 | \$ 193,310 | \$ 233,386 | \$ 219,426 | \$ 179,428 | \$ 208,395 | \$ 256,986 | \$ 262,326 |
| End of Year | 150,812 | 170,995 | 193,310 | 233,386 | 219,426 | 179,428 | 208,395 | 256,986 | 262,326 | 375,752 |
| Net Increase / (Decrease) | \$ 26,023 | \$ 20,183 | \$ 22,315 | \$ 40,076 | \$ (13,960) | \$ (39,998) | \$ 28,967 | \$ 48,591 | \$ 5,340 | \$ 113,426 |

Ten-Year Comparison of Net Position, Additions and Deductions (dollars in thousands)



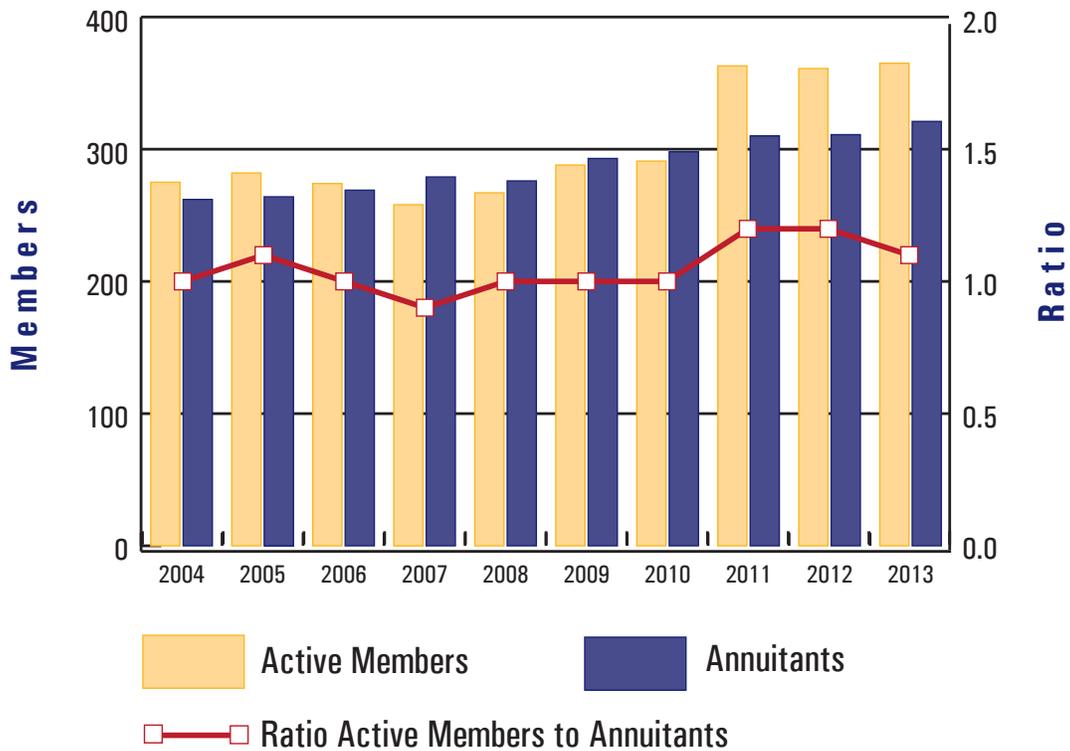
Judges' Retirement System



Ratio of Active Members to Annuitants

| Fiscal Year Ended June 30 | Active Members | Annuitants ¹ | Ratio Active Members To Annuitants |
|---------------------------|----------------|-------------------------|------------------------------------|
| 2004 | 275 | 262 | 1.0 |
| 2005 | 282 | 264 | 1.1 |
| 2006 | 274 | 269 | 1.0 |
| 2007 | 258 | 279 | 0.9 |
| 2008 | 267 | 276 | 1.0 |
| 2009 | 288 | 293 | 1.0 |
| 2010 | 291 | 298 | 1.0 |
| 2011 | 363 | 310 | 1.2 |
| 2012 | 361 | 311 | 1.2 |
| 2013 | 365 | 321 | 1.1 |

¹Annuitants includes retirees, disabilitants, and beneficiaries.



Schedule of Benefit Recipients by Type of Benefit Option

Number of Benefit Recipients by Benefit Option

| Amount of Monthly Benefit (in dollars) | Number of Benefit Recipients by Benefit Option | | | Total Benefit Recipients |
|--|--|----------------|---------------|--------------------------|
| | 1 Joint With One-Half Survivor Benefits | 2 Survivors | 3 Disabled | |
| \$ 1 - 500 | 0 | 0 | 0 | 0 |
| 501 - 1,000 | 0 | 0 | 0 | 0 |
| 1,001 - 1,500 | 0 | 32 | 0 | 32 |
| 1,501 - 2,000 | 1 | 13 | 0 | 14 |
| 2,001 - 3,000 | 11 | 33 | 0 | 44 |
| over 3,000 | 209 | 20 | 2 | 231 |
| Total | 221 | 98 | 2 | 321 |

1 (Joint With One-Half Survivor Benefits) – Provides a monthly benefit for retiree’s life. Upon the death of the retiree, the qualified designated survivor receives 50 percent of the member’s monthly benefit for the remainder of the survivor’s life.

2 (Survivors) – Members receiving a survivor benefit in accordance with the applicable statute. The benefit ceases upon the death of the survivor.

3 (Disability) – Members receiving a disability benefit in accordance with the applicable statute. For the Judges’ Retirement System, there is no minimum creditable service requirement.

Schedule of Average Benefit Payments¹

| Description | Years of Credited Service | | | | | | Total |
|--|---------------------------|------------|------------|------------|------------|------------|------------|
| | < 10 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Fiscal Year Ended June 30, 2013 | | | | | | | |
| Average Monthly Defined Benefit | \$ 3,519 | \$ 4,090 | \$ 5,039 | \$ 5,544 | \$ 6,538 | \$ 6,545 | \$ 4,796 |
| Average Final Average Salary | \$ 108,307 | \$ 113,994 | \$ 113,254 | \$ 114,783 | \$ 111,708 | \$ 122,579 | \$ 114,885 |
| Number of Benefit Recipients | 88 | 66 | 47 | 62 | 34 | 24 | 321 |
| Fiscal Year Ended June 30, 2012 | | | | | | | |
| Average Monthly Defined Benefit | \$ 2,508 | \$ 4,006 | \$ 4,999 | \$ 5,265 | \$ 6,212 | \$ 6,230 | \$ 4,478 |
| Average Final Average Salary | \$ 73,561 | \$ 114,043 | \$ 112,826 | \$ 114,625 | \$ 111,708 | \$ 122,579 | \$ 112,885 |
| Number of Benefit Recipients | 74 | 67 | 48 | 63 | 34 | 25 | 311 |
| Fiscal Year Ended June 30, 2011 | | | | | | | |
| Average Monthly Defined Benefit | \$ 2,495 | \$ 4,104 | \$ 5,043 | \$ 5,317 | \$ 6,337 | \$ 6,162 | \$ 4,513 |
| Average Final Average Salary | \$ 57,717 | \$ 113,387 | \$ 112,461 | \$ 113,606 | \$ 111,708 | \$ 120,715 | \$ 111,151 |
| Number of Benefit Recipients | 75 | 66 | 47 | 64 | 35 | 23 | 310 |

¹INPRS intends to make this schedule a 10-year schedule over time.

State Excise Police, Gaming Agent, Gaming Control Officer & Conservation Enforcement Officers' Retirement Plan



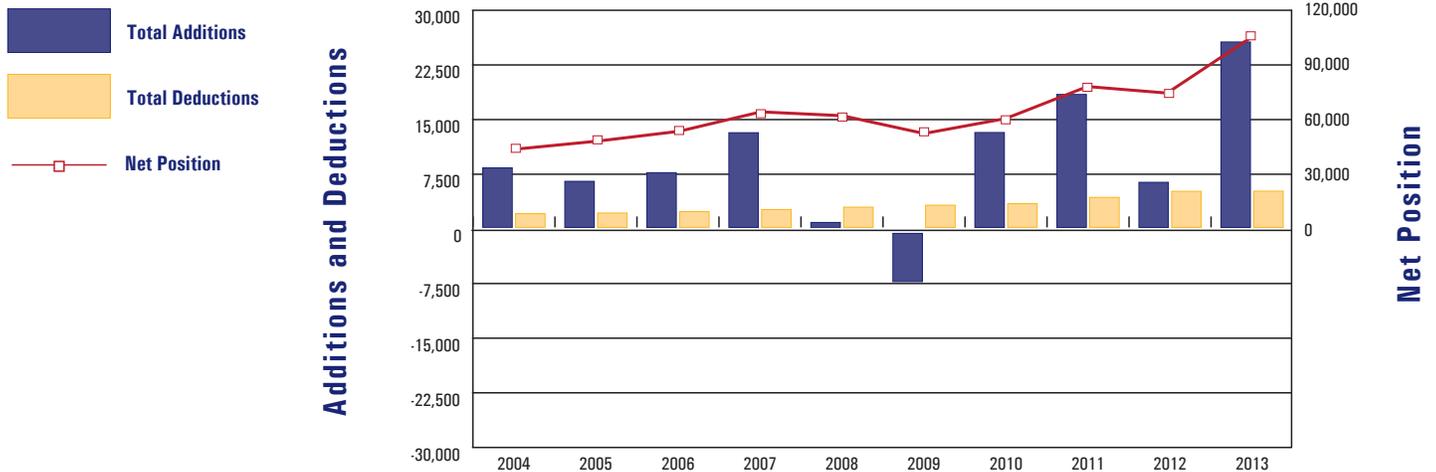
Schedule of Changes in Net Position

(dollars in thousands)

Fiscal Year Ended June 30

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-----------------|-----------------|-----------------|------------------|-------------------|-------------------|------------------|------------------|-----------------|------------------|
| Additions | | | | | | | | | | |
| Member Contributions | \$ 74 | \$ 68 | \$ 96 | \$ 129 | \$ 981 | \$ 1,025 | \$ 1,010 | \$ 1,002 | \$ 972 | \$ 1,006 |
| Employer Contributions | 2,120 | 2,164 | 2,498 | 3,359 | 4,854 | 5,294 | 5,256 | 5,197 | 5,054 | 19,740 |
| Investment Income / (Loss) | 5,971 | 4,092 | 4,907 | 9,508 | (5,156) | (12,951) | 6,749 | 12,052 | 160 | 4,702 |
| Interfund Transfers | - | - | - | - | - | 5 | 9 | - | - | - |
| Other Additions | - | - | 10 | - | - | - | - | - | - | - |
| Total Additions | \$ 8,165 | \$ 6,324 | \$ 7,511 | \$ 12,996 | \$ 679 | \$ (6,627) | \$ 13,024 | \$ 18,251 | \$ 6,186 | \$ 25,448 |
| Deductions | | | | | | | | | | |
| Pension Benefits | \$ 1,795 | \$ 1,850 | \$ 2,039 | \$ 2,309 | \$ 2,616 | \$ 2,855 | \$ 3,092 | \$ 3,851 | \$ 4,656 | \$ 4,735 |
| Disability Benefits | 26 | 69 | 63 | 64 | 65 | 60 | 58 | 58 | 61 | 64 |
| Distributions of Contributions and Interest | - | 15 | - | 3 | 11 | 36 | 31 | 99 | 100 | 37 |
| Administrative and Project Expenses | 63 | 40 | 47 | 64 | 83 | 94 | 73 | 112 | 131 | 121 |
| Interfund Transfers | - | - | 12 | - | - | - | - | - | - | 15 |
| Total Deductions | \$ 1,884 | \$ 1,974 | \$ 2,161 | \$ 2,440 | \$ 2,775 | \$ 3,045 | \$ 3,254 | \$ 4,120 | \$ 4,948 | \$ 4,972 |
| Changes in Net Position | | | | | | | | | | |
| Beginning of Year | \$ 36,635 | \$ 42,916 | \$ 47,266 | \$ 52,616 | \$ 63,172 | \$ 61,076 | \$ 51,404 | \$ 61,174 | \$ 75,305 | \$ 76,543 |
| End of Year | 42,916 | 47,266 | 52,616 | 63,172 | 61,076 | 51,404 | 61,174 | 75,305 | 76,543 | 97,019 |
| Net Increase / (Decrease) | \$ 6,281 | \$ 4,350 | \$ 5,350 | \$ 10,556 | \$ (2,096) | \$ (9,672) | \$ 9,770 | \$ 14,131 | \$ 1,238 | \$ 20,476 |

Ten-Year Comparison of Net Position, Additions and Deductions (dollars in thousands)



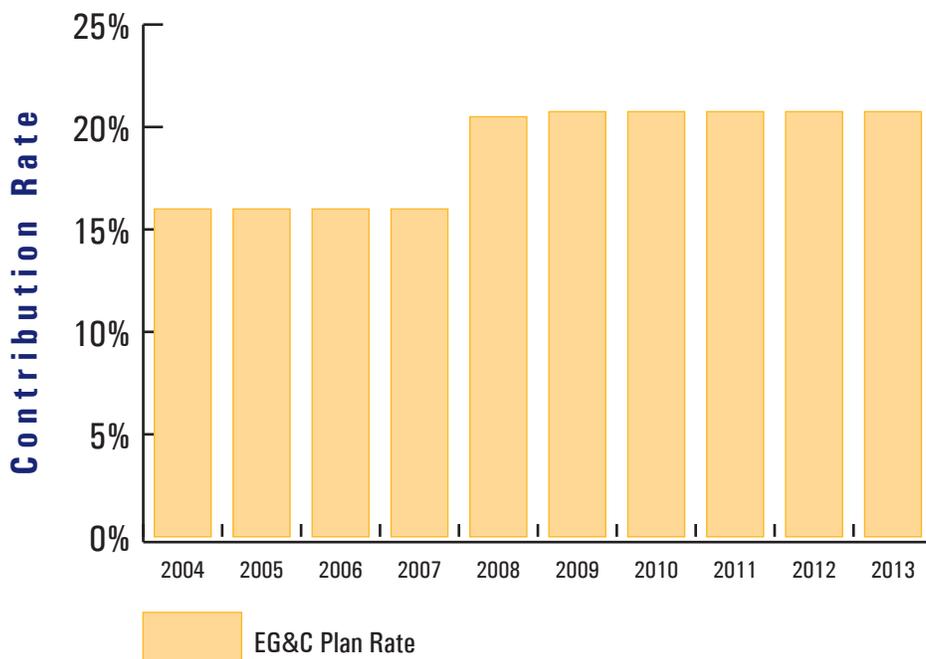
State Excise Police, Gaming Agent, Gaming Control Officer & Conservation Enforcement Officers' Retirement Plan



Schedule of Historical Contribution Rates

| Fiscal Year Ended June 30 | EG&C Plan Rate |
|---------------------------|----------------|
| 2004 | 16.00% |
| 2005 | 16.00 |
| 2006 | 16.00 |
| 2007 | 16.00 |
| 2008 | 20.50 |
| 2009 | 20.75 |
| 2010 | 20.75 |
| 2011 | 20.75 |
| 2012 | 20.75 |
| 2013 | 20.75 |

Memo:
Effective Date January 1



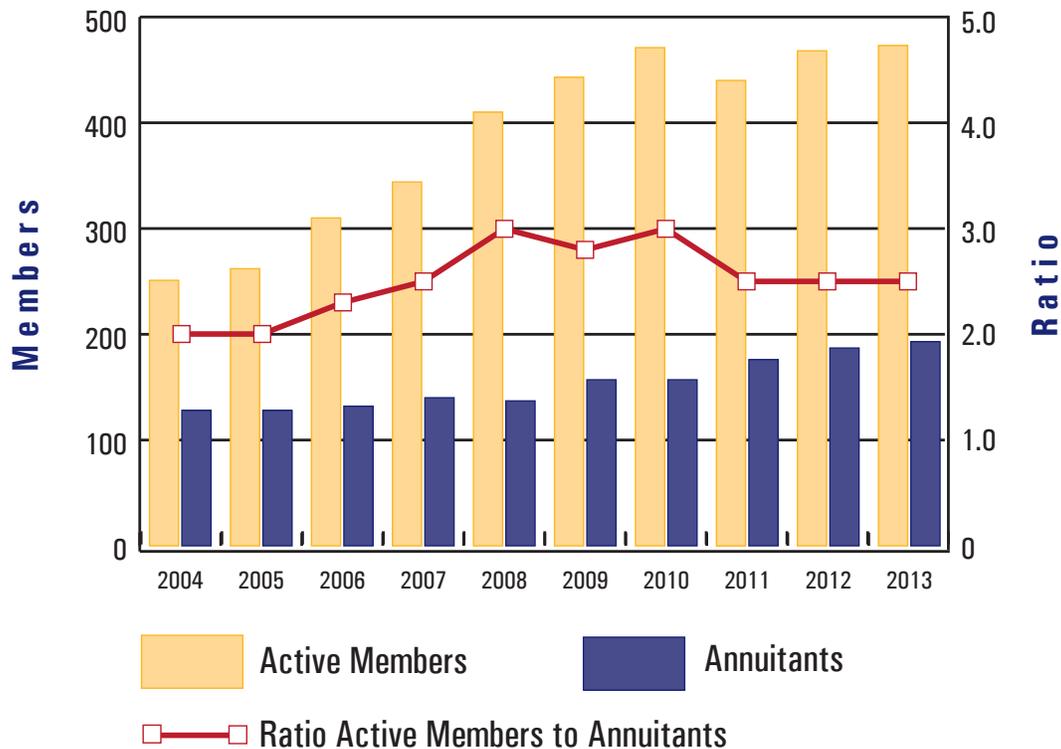
State Excise Police, Gaming Agent, Gaming Control Officer & Conservation Enforcement Officers' Retirement Plan



Ratio of Active Members to Annuitants

| Fiscal Year Ended June 30 | Active Members | Annuitants ¹ | Ratio Active Members To Annuitants |
|---------------------------|----------------|-------------------------|------------------------------------|
| 2004 | 251 | 128 | 2.0 |
| 2005 | 262 | 128 | 2.0 |
| 2006 | 310 | 132 | 2.3 |
| 2007 | 344 | 140 | 2.5 |
| 2008 | 410 | 137 | 3.0 |
| 2009 | 443 | 157 | 2.8 |
| 2010 | 471 | 157 | 3.0 |
| 2011 | 440 | 176 | 2.5 |
| 2012 | 468 | 187 | 2.5 |
| 2013 | 473 | 193 | 2.5 |

¹Annuitants includes retirees, disability, and beneficiaries.



Schedule of Benefit Recipients by Type of Benefit Option

| Amount of Monthly Benefit (in dollars) | Number of Benefit Recipients by Benefit Option | | | Total Benefit Recipients |
|--|--|----------------|---------------|--------------------------|
| | 1 Joint With One-Half Survivor Benefits | 2 Survivors | 3 Disabled | |
| \$ 1 - 500 | 2 | 15 | 1 | 18 |
| 501 - 1,000 | 11 | 18 | 1 | 30 |
| 1,001 - 1,500 | 15 | 7 | 0 | 22 |
| 1,501 - 2,000 | 14 | 1 | 0 | 15 |
| 2,001 - 3,000 | 71 | 0 | 1 | 72 |
| over 3,000 | 36 | 0 | 0 | 36 |
| Total | 149 | 41 | 3 | 193 |

- 1 (Joint With One-Half Survivor Benefits) – Provides a monthly benefit for retiree’s life. Upon the death of the retiree, the qualified designated survivor receives 50 percent of the member’s monthly benefit for the remainder of the survivor’s life.
- 2 (Survivors) – Members receiving a survivor benefit in accordance with the applicable statute. The benefit ceases upon the death of the survivor.
- 3 (Disability) – Members receiving a disability benefit in accordance with the applicable statute. For the EG&C Plan, there is no minimum creditable service requirement.

State Excise Police, Gaming Agent, Gaming Control Officer & Conservation Enforcement Officers' Retirement Plan



Schedule of Average Benefit Payments¹

| Description | Years of Credited Service | | | | | | Total |
|--|---------------------------|---------|-----------|-----------|-----------|-----------|-----------|
| | < 10 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Fiscal Year Ended June 30, 2013 | | | | | | | |
| Average Monthly Defined Benefit | \$ 2,141 | \$ - | \$ 439 | \$ 886 | \$ 1,816 | \$ 2,571 | \$ 2,015 |
| Average Final Average Salary | \$ 58,827 | \$ - | \$ 22,436 | \$ 36,499 | \$ 45,830 | \$ 52,650 | \$ 47,776 |
| Number of Benefit Recipients | 14 | - | 11 | 22 | 54 | 92 | 193 |
| Fiscal Year Ended June 30, 2012 | | | | | | | |
| Average Monthly Defined Benefit | \$ 1,498 | \$ - | \$ 439 | \$ 923 | \$ 1,791 | \$ 2,593 | \$ 1,984 |
| Average Final Average Salary | \$ - | \$ - | \$ 22,436 | \$ 37,858 | \$ 45,830 | \$ 52,589 | \$ 47,203 |
| Number of Benefit Recipients | 7 | - | 11 | 23 | 55 | 91 | 187 |
| Fiscal Year Ended June 30, 2011 | | | | | | | |
| Average Monthly Defined Benefit | \$ 1,339 | \$ - | \$ 439 | \$ 894 | \$ 1,757 | \$ 2,507 | \$ 1,884 |
| Average Final Average Salary | \$ - | \$ - | \$ 22,436 | \$ 35,889 | \$ 45,638 | \$ 50,797 | \$ 45,695 |
| Number of Benefit Recipients | 8 | - | 11 | 23 | 54 | 80 | 176 |

¹INPRS intends to make this schedule a 10-year schedule over time.

Prosecuting Attorneys' Retirement Fund



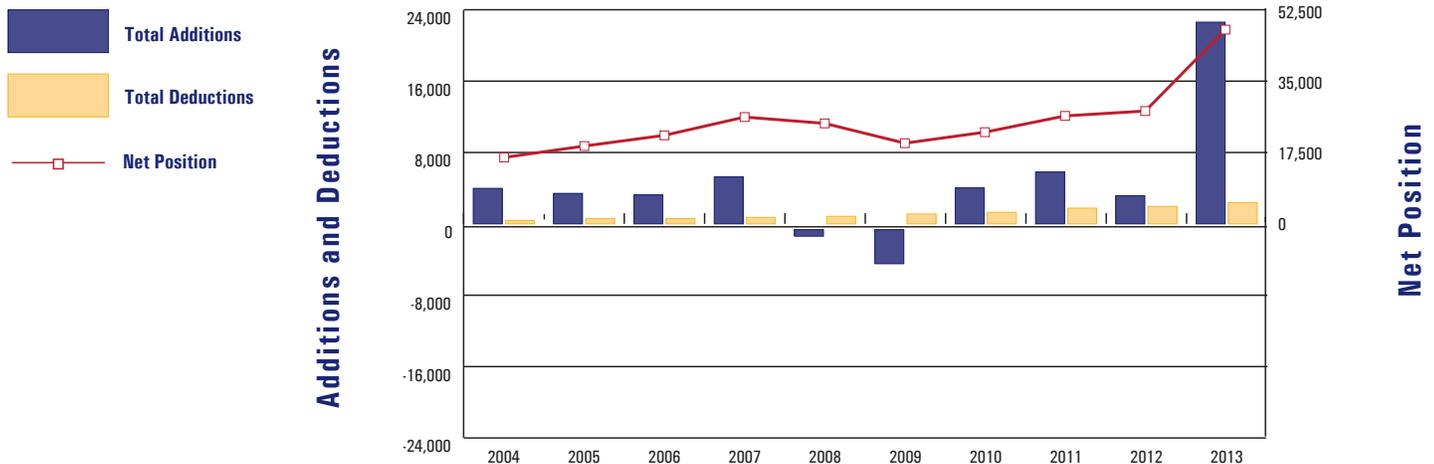
Schedule of Changes in Net Position

(dollars in thousands)

Fiscal Year Ended June 30

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|-----------------|-----------------|-----------------|------------------|
| Additions | | | | | | | | | | |
| Member Contributions | \$ 900 | \$ 856 | \$ 1,089 | \$ 1,133 | \$ 1,208 | \$ 1,274 | \$ 1,268 | \$ 1,271 | \$ 1,277 | \$ 1,271 |
| Employer Contributions | 933 | 961 | 170 | 190 | 170 | 170 | 170 | 170 | 1,839 | 19,443 |
| Investment Income / (Loss) | 2,147 | 1,598 | 1,988 | 3,948 | (2,108) | (5,254) | 2,595 | 4,370 | 42 | 1,897 |
| Interfund Transfers | - | - | - | - | - | - | - | - | - | - |
| Other Additions | - | - | - | - | - | - | - | - | - | - |
| Total Additions | \$ 3,980 | \$ 3,415 | \$ 3,247 | \$ 5,271 | \$ (730) | \$ (3,810) | \$ 4,033 | \$ 5,811 | \$ 3,158 | \$ 22,611 |
| Deductions | | | | | | | | | | |
| Pension Benefits | \$ 347 | \$ 403 | \$ 512 | \$ 614 | \$ 787 | \$ 988 | \$ 1,143 | \$ 1,372 | \$ 1,783 | \$ 2,021 |
| Disability Benefits | 10 | 20 | 19 | 19 | 19 | 19 | 20 | 19 | 19 | 19 |
| Distributions of Contributions and Interest | - | 148 | 35 | 71 | 4 | 55 | 80 | 263 | 63 | 195 |
| Administrative and Project Expenses | 25 | 15 | 17 | 23 | 36 | 45 | 55 | 78 | 82 | 145 |
| Interfund Transfers | - | - | - | - | - | - | - | 32 | - | - |
| Total Deductions | \$ 382 | \$ 586 | \$ 583 | \$ 727 | \$ 846 | \$ 1,107 | \$ 1,298 | \$ 1,764 | \$ 1,947 | \$ 2,380 |
| Changes in Net Position | | | | | | | | | | |
| Beginning of Year | \$ 12,554 | \$ 16,152 | \$ 18,981 | \$ 21,645 | \$ 26,189 | \$ 24,613 | \$ 19,696 | \$ 22,431 | \$ 26,478 | \$ 27,689 |
| End of Year | 16,152 | 18,981 | 21,645 | 26,189 | 24,613 | 19,696 | 22,431 | 26,478 | 27,689 | 47,920 |
| Net Increase / (Decrease) | \$ 3,598 | \$ 2,829 | \$ 2,664 | \$ 4,544 | \$ (1,576) | \$ (4,917) | \$ 2,735 | \$ 4,047 | \$ 1,211 | \$ 20,231 |

Ten-Year Comparison of Net Position, Additions and Deductions (dollars in thousands)



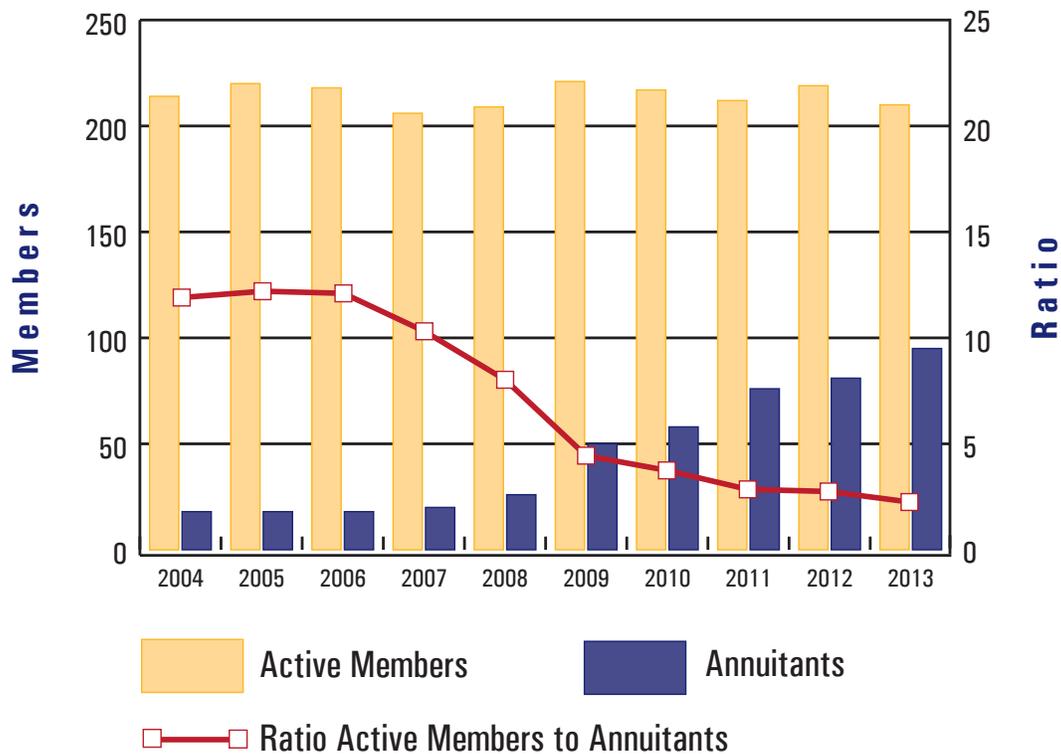
Prosecuting Attorneys' Retirement Fund



Ratio of Active Members to Annuitants

| Fiscal Year Ended June 30 | Active Members | Annuitants ¹ | Ratio Active Members To Annuitants |
|---------------------------|----------------|-------------------------|------------------------------------|
| 2004 | 214 | 18 | 11.9 |
| 2005 | 220 | 18 | 12.2 |
| 2006 | 218 | 18 | 12.1 |
| 2007 | 206 | 20 | 10.3 |
| 2008 | 209 | 26 | 8.0 |
| 2009 | 221 | 50 | 4.4 |
| 2010 | 217 | 58 | 3.7 |
| 2011 | 212 | 76 | 2.8 |
| 2012 | 219 | 81 | 2.7 |
| 2013 | 210 | 95 | 2.2 |

¹Annuitants includes retirees, disability, and beneficiaries.



Schedule of Benefit Recipients by Type of Benefit Option

Number of Benefit Recipients by Benefit Option

| Amount of Monthly Benefit (in dollars) | Benefit Option | | | Total Benefit Recipients |
|--|--|----------------|---------------|--------------------------|
| | 1 Joint With One-Half Survivor Benefits | 2 Survivors | 3 Disabled | |
| \$ 1 - 500 | 7 | 3 | 0 | 10 |
| 501 - 1,000 | 15 | 1 | 0 | 16 |
| 1,001 - 1,500 | 17 | 1 | 0 | 18 |
| 1,501 - 2,000 | 13 | 0 | 1 | 14 |
| 2,001 - 3,000 | 20 | 0 | 0 | 20 |
| over 3,000 | 17 | 0 | 0 | 17 |
| Total | 89 | 5 | 1 | 95 |

1 (Joint With One-Half Survivor Benefits) – Provides a monthly benefit for retiree’s life. Upon the death of the retiree, the qualified designated survivor receives 50 percent of the member’s monthly benefit for the remainder of the survivor’s life.

2 (Survivors) – Members receiving a survivor benefit in accordance with the applicable statute. The benefit ceases upon the death of the survivor.

3 (Disability) – Members receiving a disability benefit in accordance with the applicable statute. For PARF, five (5) or more years of creditable service is required to be eligible for a disability benefit.

Prosecuting Attorneys' Retirement Fund



Schedule of Average Benefit Payments¹

| Description | Years of Credited Service | | | | | | Total |
|--|---------------------------|-----------|-----------|-----------|------------|------------|-----------|
| | < 10 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Fiscal Year Ended June 30, 2013 | | | | | | | |
| Average Monthly Defined Benefit | \$ 1,694 | \$ 1,445 | \$ 1,875 | \$ 2,340 | \$ 2,626 | \$ 2,187 | \$ 1,843 |
| Average Final Average Salary | \$ 77,001 | \$ 54,908 | \$ 71,821 | \$ 83,707 | \$ 103,220 | \$ 110,167 | \$ 72,709 |
| Number of Benefit Recipients | 28 | 22 | 22 | 14 | 5 | 4 | 95 |
| Fiscal Year Ended June 30, 2012 | | | | | | | |
| Average Monthly Defined Benefit | \$ 1,541 | \$ 1,421 | \$ 1,874 | \$ 2,283 | \$ 2,488 | \$ 2,496 | \$ 1,821 |
| Average Final Average Salary | \$ 63,714 | \$ 54,908 | \$ 72,709 | \$ 83,534 | \$ 103,220 | \$ 110,167 | \$ 72,130 |
| Number of Benefit Recipients | 17 | 21 | 21 | 13 | 5 | 4 | 81 |
| Fiscal Year Ended June 30, 2011 | | | | | | | |
| Average Monthly Defined Benefit | \$ 1,541 | \$ 1,413 | \$ 1,831 | \$ 2,252 | \$ 2,219 | \$ 2,615 | \$ 1,774 |
| Average Final Average Salary | \$ 58,939 | \$ 55,721 | \$ 69,668 | \$ 79,113 | \$ 95,745 | \$ 101,967 | \$ 68,573 |
| Number of Benefit Recipients | 17 | 20 | 20 | 12 | 4 | 3 | 76 |

¹INPRS intends to make this schedule a 10-year schedule over time.

Legislators' Defined Benefit Plan



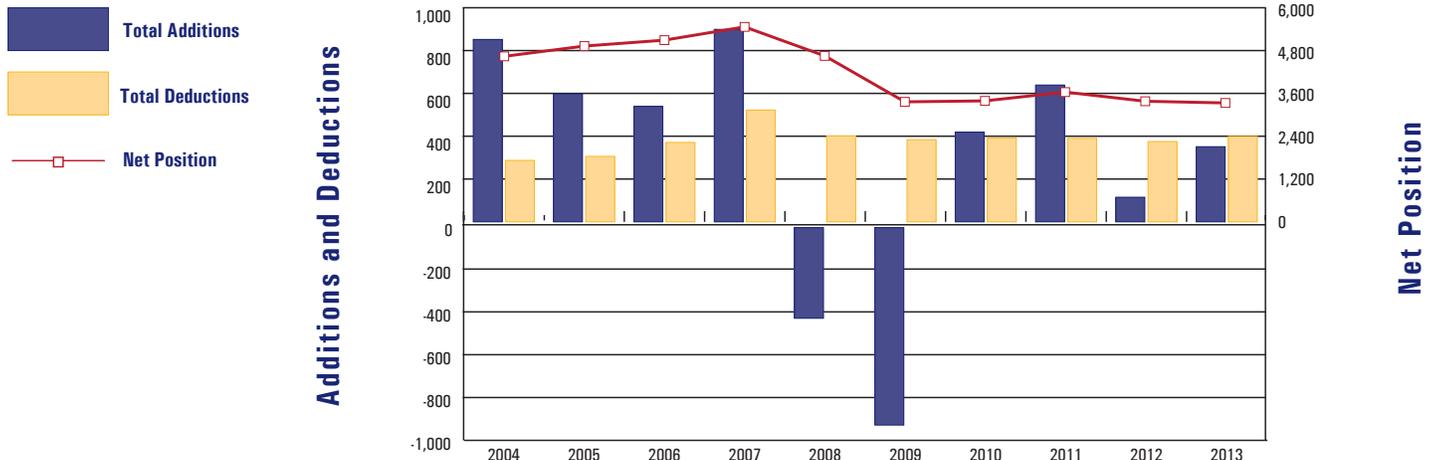
Schedule of Changes in Net Position

(dollars in thousands)

Fiscal Year Ended June 30

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------------|---------------|---------------|---------------|-----------------|-------------------|---------------|---------------|-----------------|----------------|
| Additions | | | | | | | | | | |
| Member Contributions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Employer Contributions | 206 | 206 | 100 | 100 | 100 | 100 | - | - | 112 | 150 |
| Investment Income / (Loss) | 646 | 392 | 439 | 799 | (523) | (1,037) | 419 | 639 | 3 | 201 |
| Interfund Transfers | - | - | - | - | - | - | - | - | - | - |
| Other Additions | - | - | - | - | - | 15 | - | - | - | - |
| Total Additions | \$ 852 | \$ 598 | \$ 539 | \$ 899 | \$ (423) | \$ (922) | \$ 419 | \$ 639 | \$ 115 | \$ 351 |
| Deductions | | | | | | | | | | |
| Pension Benefits | \$ 261 | \$ 280 | \$ 303 | \$ 330 | \$ 342 | \$ 360 | \$ 353 | \$ 337 | \$ 335 | \$ 362 |
| Disability Benefits | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Distributions of Contributions and Interest | - | - | - | - | - | - | - | - | - | - |
| Administrative and Project Expenses | 24 | 23 | 65 | 56 | 56 | 21 | 35 | 50 | 37 | 34 |
| Interfund Transfers | - | - | - | 133 | - | - | - | - | - | - |
| Total Deductions | \$ 287 | \$ 306 | \$ 371 | \$ 522 | \$ 401 | \$ 384 | \$ 391 | \$ 390 | \$ 375 | \$ 399 |
| Changes in Net Position | | | | | | | | | | |
| Beginning of Year | \$ 4,096 | \$ 4,661 | \$ 4,953 | \$ 5,121 | \$ 5,498 | \$ 4,674 | \$ 3,368 | \$ 3,396 | \$ 3,645 | \$ 3,385 |
| End of Year | 4,661 | 4,953 | 5,121 | 5,498 | 4,674 | 3,368 | 3,396 | 3,645 | 3,385 | 3,337 |
| Net Increase / (Decrease) | \$ 565 | \$ 292 | \$ 168 | \$ 377 | \$ (824) | \$ (1,306) | \$ 28 | \$ 249 | \$ (260) | \$ (48) |

Ten-Year Comparison of Net Position, Additions and Deductions (dollars in thousands)



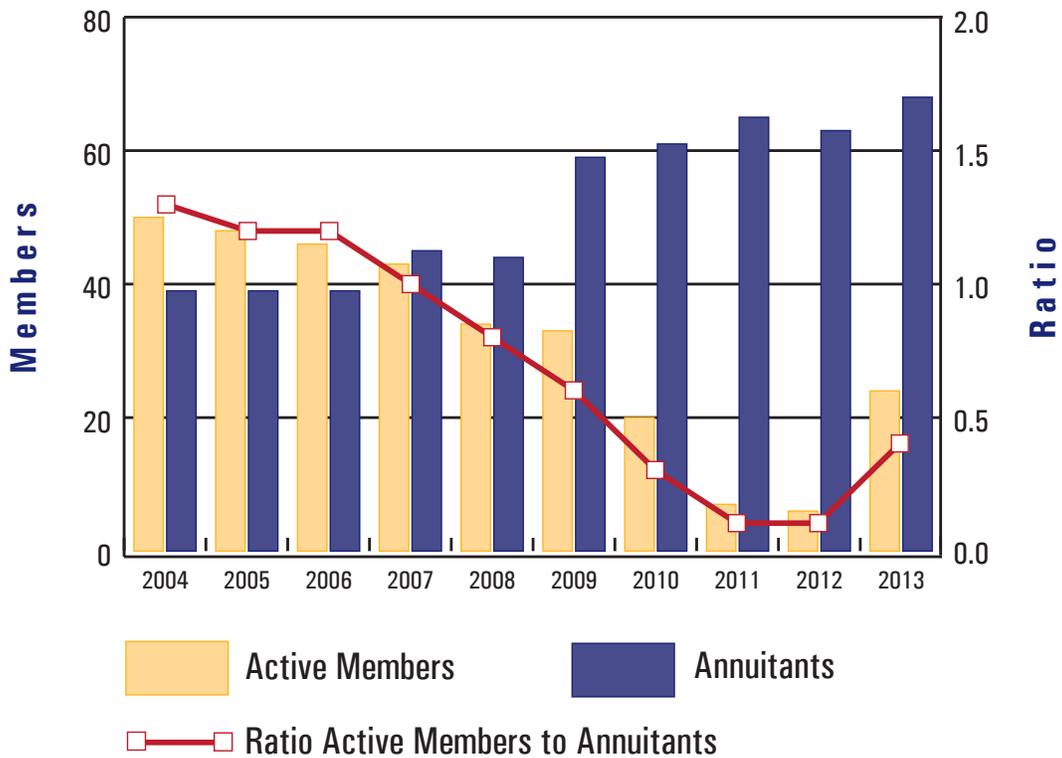
Legislators' Defined Benefit Plan



Ratio of Active Members to Annuitants

| Fiscal Year Ended June 30 | Active Members | Annuitants ¹ | Ratio Active Members To Annuitants |
|---------------------------|----------------|-------------------------|------------------------------------|
| 2004 | 50 | 39 | 1.3 |
| 2005 | 48 | 39 | 1.2 |
| 2006 | 46 | 39 | 1.2 |
| 2007 | 43 | 45 | 1.0 |
| 2008 | 34 | 44 | 0.8 |
| 2009 | 33 | 59 | 0.6 |
| 2010 | 20 | 61 | 0.3 |
| 2011 | 7 | 65 | 0.1 |
| 2012 | 6 | 63 | 0.1 |
| 2013 | 24 | 68 | 0.4 |

¹Active Members exclude Legislators' Defined Contribution Plan.
²Annuitants includes retirees, disabled, and beneficiaries.



Schedule of Benefit Recipients by Type of Benefit Option

Number of Benefit Recipients by Benefit Option

| Amount of Monthly Benefit (in dollars) | Number of Benefit Recipients by Benefit Option | | | Total Benefit Recipients |
|--|--|----------------|---------------|--------------------------|
| | 1 Joint With One-Half Survivor Benefits | 2 Survivors | 3 Disabled | |
| \$ 1 - 500 | 30 | 11 | 0 | 41 |
| 501 - 1,000 | 25 | 1 | 0 | 26 |
| 1,001 - 1,500 | 1 | 0 | 0 | 1 |
| 1,501 - 2,000 | 0 | 0 | 0 | 0 |
| 2,001 - 3,000 | 0 | 0 | 0 | 0 |
| over 3,000 | 0 | 0 | 0 | 0 |
| Total | 56 | 12 | 0 | 68 |

1 (Joint With One-Half Survivor Benefits) – Provides a monthly benefit for retiree’s life. Upon the death of the retiree, the qualified designated survivor receives 50 percent of the member’s monthly benefit for the remainder of the survivor’s life.

2 (Survivors) – Members receiving a survivor benefit in accordance with the applicable statute. The benefit ceases upon the death of the survivor.

3 (Disability) – Members receiving a disability benefit in accordance with the applicable statute. For the LEDB Plan, five (5) or more years of creditable service is required to be eligible for a disability benefit.

Legislators' Defined Benefit Plan



Schedule of Average Benefit Payments¹

| Description | Years of Credited Service | | | | | | Total |
|--|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | < 10 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Fiscal Year Ended June 30, 2013 | | | | | | | |
| Average Monthly Defined Benefit ² | \$ 386 | \$ 351 | \$ 459 | \$ 629 | \$ 472 | \$ 669 | \$ 447 |
| Average Final Average Salary | \$ 12,154 | \$ 19,636 | \$ 29,430 | \$ 32,868 | \$ 27,614 | \$ 31,870 | \$ 24,372 |
| Number of Benefit Recipients | 17 | 21 | 14 | 7 | 2 | 7 | 68 |
| Fiscal Year Ended June 30, 2012 | | | | | | | |
| Average Monthly Defined Benefit ² | \$ 341 | \$ 356 | \$ 458 | \$ 629 | \$ 699 | \$ 669 | \$ 461 |
| Average Final Average Salary | \$ 7,078 | \$ 19,636 | \$ 27,391 | \$ 32,868 | \$ 27,614 | \$ 31,870 | \$ 27,195 |
| Number of Benefit Recipients | 8 | 22 | 16 | 7 | 3 | 7 | 63 |
| Fiscal Year Ended June 30, 2011 | | | | | | | |
| Average Monthly Defined Benefit ² | \$ 341 | \$ 348 | \$ 448 | \$ 563 | \$ 699 | \$ 645 | \$ 456 |
| Average Final Average Salary | \$ 7,078 | \$ 18,880 | \$ 30,641 | \$ 32,804 | \$ 27,614 | \$ 32,151 | \$ 28,439 |
| Number of Benefit Recipients | 8 | 21 | 15 | 10 | 3 | 8 | 65 |

¹INPRS intends to make this schedule a 10-year schedule over time.

²Benefit calculations for the LEDB benefit recipients are based on years of service, not final average salary.

Legislators' Defined Contribution Plan



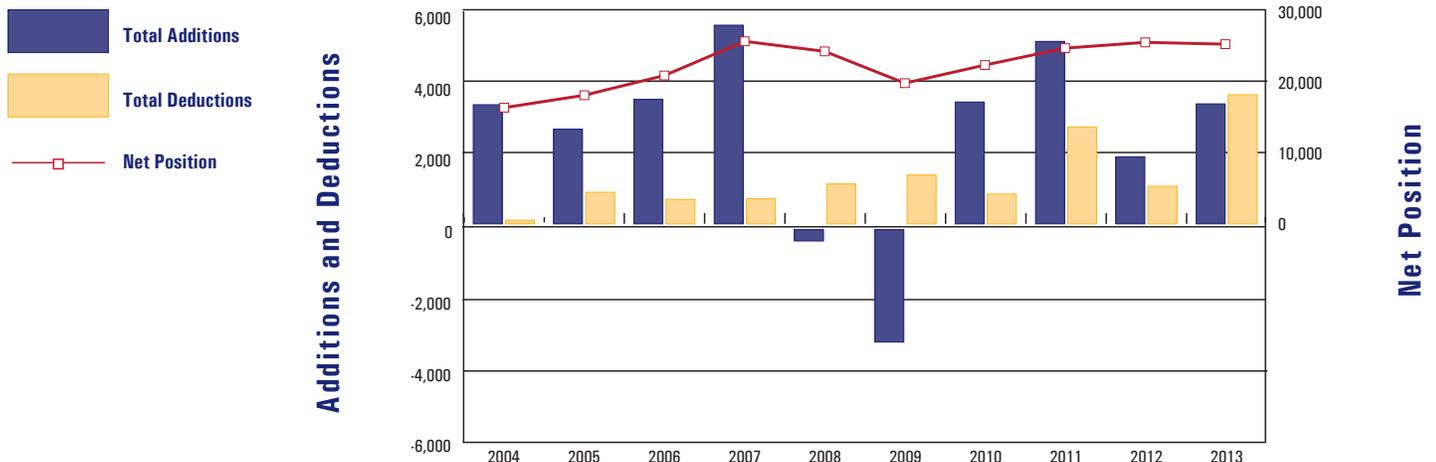
Schedule of Changes in Net Position

(dollars in thousands)

Fiscal Year Ended June 30

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|-----------------|-----------------|-----------------|-----------------|
| Additions | | | | | | | | | | |
| Member Contributions | \$ 1,329 | \$ 1,386 | \$ 1,414 | \$ 1,468 | \$ 1,366 | \$ 1,342 | \$ 1,146 | \$ 1,205 | \$ 1,303 | \$ 1,463 |
| Employer Contributions | - | - | - | - | - | - | - | - | - | - |
| Investment Income / (Loss) | 1,974 | 1,240 | 2,041 | 3,639 | (1,741) | (4,495) | 2,243 | 3,840 | 527 | 1,858 |
| Interfund Transfers | - | - | - | 429 | - | - | - | - | - | - |
| Other Additions | 36 | 27 | 33 | 32 | 60 | 4 | 25 | 68 | 49 | 42 |
| Total Additions | \$ 3,339 | \$ 2,653 | \$ 3,488 | \$ 5,568 | \$ (315) | \$ (3,149) | \$ 3,414 | \$ 5,113 | \$ 1,879 | \$ 3,363 |
| Deductions | | | | | | | | | | |
| Pension Benefits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Disability Benefits | - | - | - | - | - | - | - | - | - | - |
| Distributions of Contributions and Interest | 103 | 886 | 686 | 708 | 1,116 | 1,325 | 803 | 2,675 | 1,033 | 3,616 |
| Administrative and Project Expenses | - | - | - | - | - | 46 | 33 | 39 | 22 | 4 |
| Interfund Transfers | - | - | - | - | - | - | - | - | - | - |
| Total Deductions | \$ 103 | \$ 886 | \$ 686 | \$ 708 | \$ 1,116 | \$ 1,371 | \$ 836 | \$ 2,714 | \$ 1,055 | \$ 3,620 |
| Changes in Net Position | | | | | | | | | | |
| Beginning of Year | \$ 13,064 | \$ 16,300 | \$ 18,067 | \$ 20,869 | \$ 25,729 | \$ 24,298 | \$ 19,778 | \$ 22,356 | \$ 24,755 | \$ 25,579 |
| End of Year | 16,300 | 18,067 | 20,869 | 25,729 | 24,298 | 19,778 | 22,356 | 24,755 | 25,579 | 25,322 |
| Net Increase / (Decrease) | \$ 3,236 | \$ 1,767 | \$ 2,802 | \$ 4,860 | \$ (1,431) | \$ (4,520) | \$ 2,578 | \$ 2,399 | \$ 824 | \$ (257) |

Ten-Year Comparison of Net Position, Additions and Deductions (dollars in thousands)



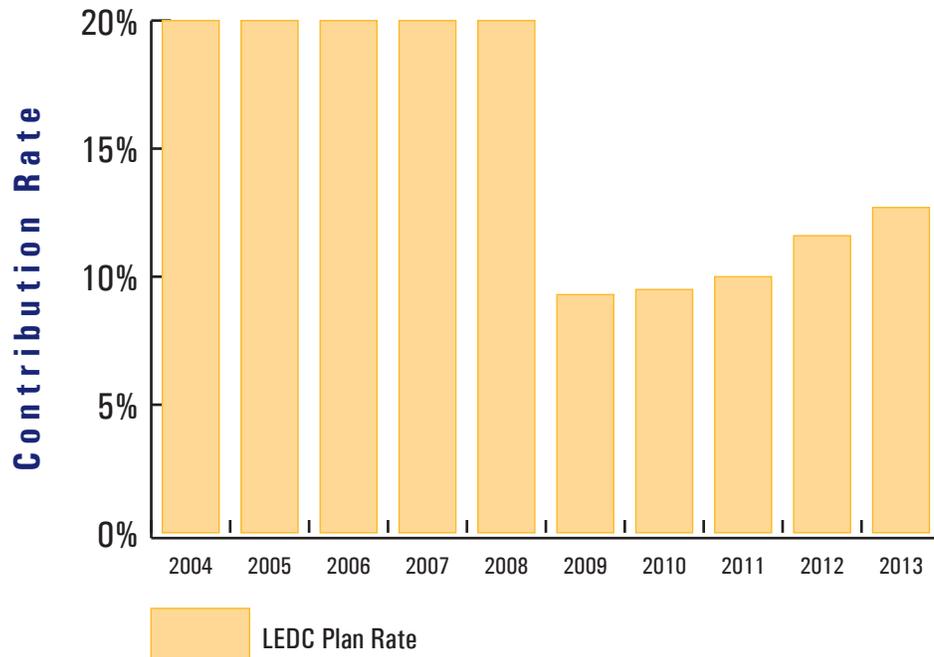
Legislators' Defined Contribution Plan



Schedule of Historical Contribution Rates

| Fiscal Year Ended June 30 | LEDC Plan Rate |
|---------------------------|----------------|
| 2004 | 20.0% |
| 2005 | 20.0 |
| 2006 | 20.0 |
| 2007 | 20.0 |
| 2008 | 20.0 |
| 2009 | 9.3 |
| 2010 | 9.5 |
| 2011 | 10.0 |
| 2012 | 11.6 |
| 2013 | 12.7 |

Memo:
Effective Date January 1



State Employees' Death Benefit Fund



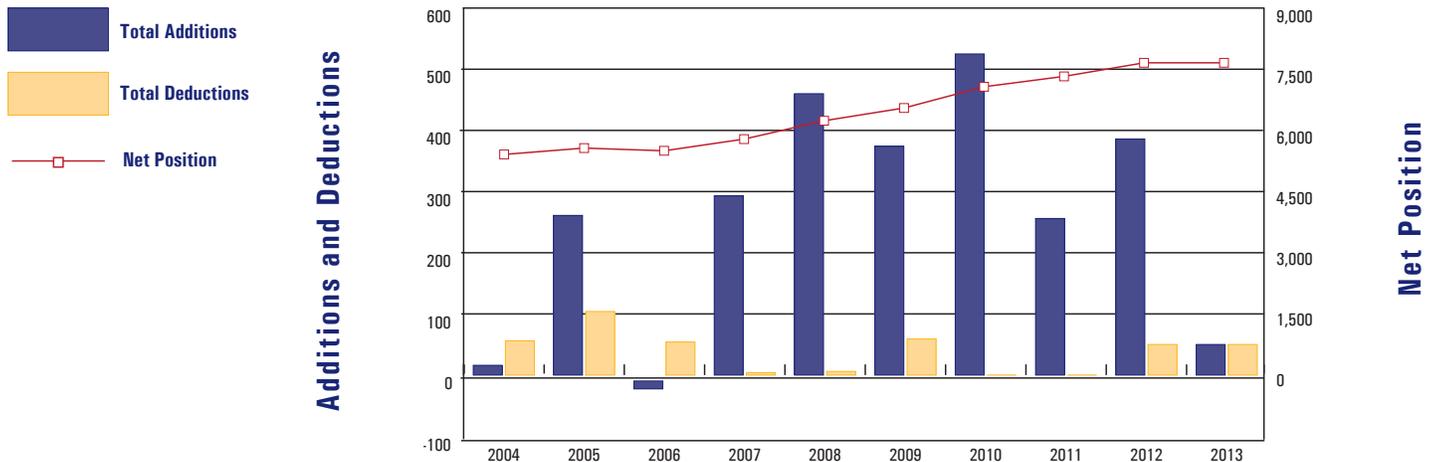
Schedule of Changes in Net Position

(dollars in thousands)

Fiscal Year Ended June 30

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Additions | | | | | | | | | | |
| Member Contributions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Employer Contributions | - | - | - | - | - | - | - | - | - | - |
| Investment Income / (Loss) | 16 | 261 | (13) | 293 | 460 | 374 | 525 | 256 | 386 | 50 |
| Interfund Transfers | - | - | - | - | - | - | - | - | - | - |
| Other Additions | - | - | - | - | - | - | - | - | - | - |
| Total Additions | \$ 16 | \$ 261 | \$ (13) | \$ 293 | \$ 460 | \$ 374 | \$ 525 | \$ 256 | \$ 386 | \$ 50 |
| Deductions | | | | | | | | | | |
| Pension Benefits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Disability Benefits | - | - | - | - | - | - | - | - | - | - |
| Death Benefits | 50 | 100 | 50 | - | - | 50 | - | - | 50 | 50 |
| Distributions of Contributions and Interest | - | - | - | - | - | - | - | - | - | - |
| Administrative and Project Expenses | 6 | 4 | 4 | 4 | 6 | 9 | - | - | - | - |
| Interfund Transfers | - | - | - | - | - | - | - | - | - | - |
| Total Deductions | \$ 56 | \$ 104 | \$ 54 | \$ 4 | \$ 6 | \$ 59 | \$ - | \$ - | \$ 50 | \$ 50 |
| Changes in Net Position | | | | | | | | | | |
| Beginning of Year | \$ 5,458 | \$ 5,418 | \$ 5,575 | \$ 5,508 | \$ 5,797 | \$ 6,251 | \$ 6,566 | \$ 7,091 | \$ 7,347 | \$ 7,683 |
| End of Year | 5,418 | 5,575 | 5,508 | 5,797 | 6,251 | 6,566 | 7,091 | 7,347 | 7,683 | 7,683 |
| Net Increase / (Decrease) | \$ (40) | \$ 157 | \$ (67) | \$ 289 | \$ 454 | \$ 315 | \$ 525 | \$ 256 | \$ 336 | \$ - |

Ten-Year Comparison of Net Position, Additions and Deductions (dollars in thousands)



State Employees' Death Benefit Fund



Schedule of Average Death Benefit Payments

Description

Fiscal Year Ended June 30, 2004

| | |
|------------------------------|-----------|
| Average Death Benefit | \$ 50,000 |
| Average Final Average Salary | N/A |
| Number of Benefit Recipients | 1 |

Fiscal Year Ended June 30, 2005

| | |
|------------------------------|-----------|
| Average Death Benefit | \$ 50,000 |
| Average Final Average Salary | N/A |
| Number of Benefit Recipients | 2 |

Fiscal Year Ended June 30, 2006

| | |
|------------------------------|-----------|
| Average Death Benefit | \$ 50,000 |
| Average Final Average Salary | N/A |
| Number of Benefit Recipients | 1 |

Fiscal Year Ended June 30, 2007

| | |
|------------------------------|------|
| Average Death Benefit | \$ - |
| Average Final Average Salary | N/A |
| Number of Benefit Recipients | - |

Fiscal Year Ended June 30, 2008

| | |
|------------------------------|------|
| Average Death Benefit | \$ - |
| Average Final Average Salary | N/A |
| Number of Benefit Recipients | - |

Fiscal Year Ended June 30, 2009

| | |
|------------------------------|-----------|
| Average Death Benefit | \$ 50,000 |
| Average Final Average Salary | N/A |
| Number of Benefit Recipients | 1 |

Fiscal Year Ended June 30, 2010

| | |
|------------------------------|------|
| Average Death Benefit | \$ - |
| Average Final Average Salary | N/A |
| Number of Benefit Recipients | - |

Fiscal Year Ended June 30, 2011

| | |
|------------------------------|------|
| Average Death Benefit | \$ - |
| Average Final Average Salary | N/A |
| Number of Benefit Recipients | - |

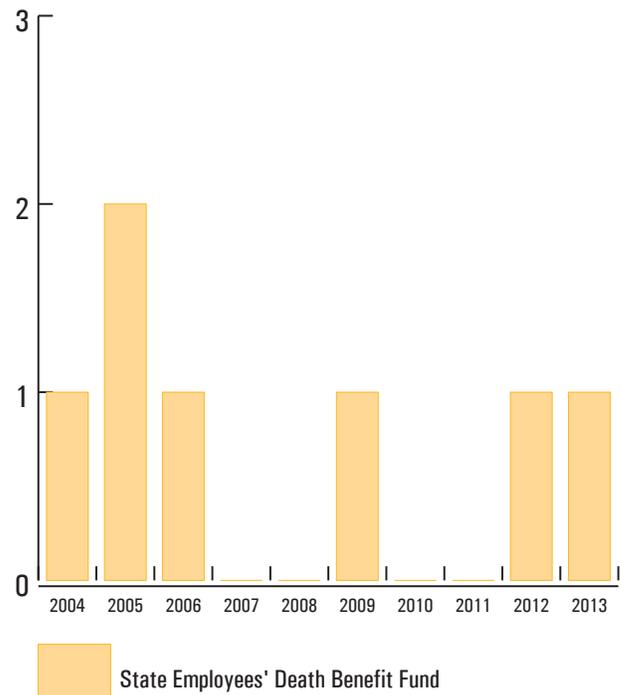
Fiscal Year Ended June 30, 2012

| | |
|------------------------------|-----------|
| Average Death Benefit | \$ 50,000 |
| Average Final Average Salary | N/A |
| Number of Benefit Recipients | 1 |

Fiscal Year Ended June 30, 2013

| | |
|------------------------------|-----------|
| Average Death Benefit | \$ 50,000 |
| Average Final Average Salary | N/A |
| Number of Benefit Recipients | 1 |

Number of Benefit Recipients



1Lump sum death benefit of \$50,000 paid to the surviving spouse or child(ren) of a state employee who dies in the line of duty as defined in statute (IC 5-10-11).

Public Safety Officers' Special Death Benefit Fund



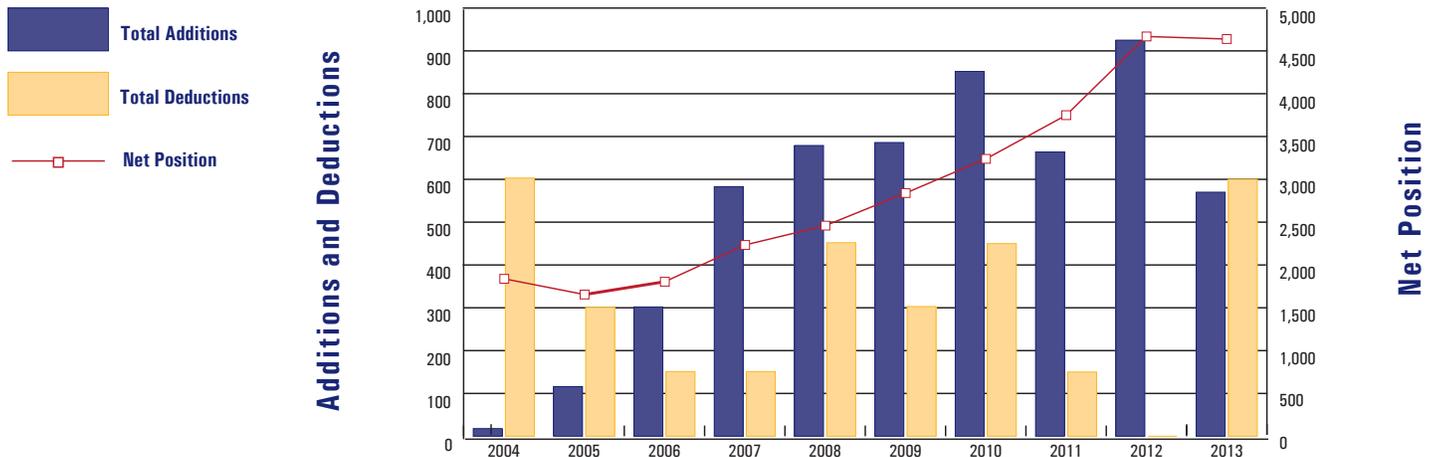
Schedule of Changes in Net Position

(dollars in thousands)

Fiscal Year Ended June 30

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Additions | | | | | | | | | | |
| Member Contributions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Employer Contributions | - | - | - | - | - | - | - | - | - | - |
| Investment Income / (Loss) | (4) | 97 | (5) | 98 | 162 | 147 | 226 | 116 | 209 | 26 |
| Interfund Transfers | - | - | - | - | - | - | - | - | - | - |
| Other Additions | 22 | 19 | 307 | 485 | 517 | 539 | 626 | 548 | 716 | 544 |
| Total Additions | \$ 18 | \$ 116 | \$ 302 | \$ 583 | \$ 679 | \$ 686 | \$ 852 | \$ 664 | \$ 925 | \$ 570 |
| Deductions | | | | | | | | | | |
| Pension Benefits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Disability Benefits | - | - | - | - | - | - | - | - | - | - |
| Death Benefits | 600 | 300 | 150 | 150 | 450 | 300 | 450 | 150 | - | 600 |
| Distributions of Contributions and Interest | - | - | - | - | - | - | - | - | - | - |
| Administrative and Project Expenses | 3 | 1 | 1 | 1 | 2 | 3 | - | - | - | - |
| Interfund Transfers | - | - | - | - | - | - | - | - | - | - |
| Total Deductions | \$ 603 | \$ 301 | \$ 151 | \$ 151 | \$ 452 | \$ 303 | \$ 450 | \$ 150 | \$ - | \$ 600 |
| Changes in Net Position | | | | | | | | | | |
| Beginning of Year | \$ 2,419 | \$ 1,834 | \$ 1,649 | \$ 1,800 | \$ 2,232 | \$ 2,459 | \$ 2,842 | \$ 3,244 | \$ 3,758 | \$ 4,683 |
| End of Year | 1,834 | 1,649 | 1,800 | 2,232 | 2,459 | 2,842 | 3,244 | 3,758 | 4,683 | 4,653 |
| Net Increase / (Decrease) | \$ (585) | \$ (185) | \$ 151 | \$ 432 | \$ 227 | \$ 383 | \$ 402 | \$ 514 | \$ 925 | \$ (30) |

Ten-Year Comparison of Net Position, Additions and Deductions (dollars in thousands)



Public Safety Officers' Special Death Benefit Fund



Schedule of Average Death Benefit Payments

Description

Fiscal Year Ended June 30, 2004

| | | |
|------------------------------|----|---------|
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 4 |

Fiscal Year Ended June 30, 2005

| | | |
|------------------------------|----|---------|
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 2 |

Fiscal Year Ended June 30, 2006

| | | |
|------------------------------|----|---------|
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 1 |

Fiscal Year Ended June 30, 2007

| | | |
|------------------------------|----|---------|
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 1 |

Fiscal Year Ended June 30, 2008

| | | |
|------------------------------|----|---------|
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 3 |

Fiscal Year Ended June 30, 2009

| | | |
|------------------------------|----|---------|
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 2 |

Fiscal Year Ended June 30, 2010

| | | |
|------------------------------|----|---------|
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 3 |

Fiscal Year Ended June 30, 2011

| | | |
|------------------------------|----|---------|
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 1 |

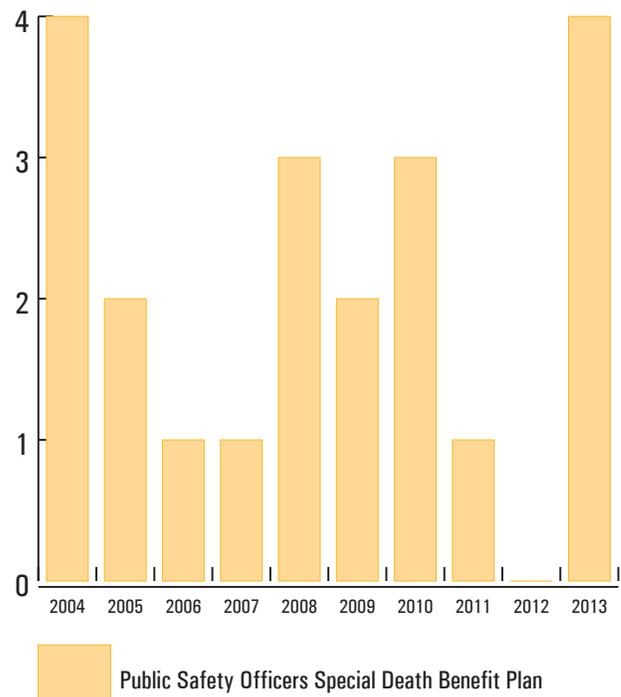
Fiscal Year Ended June 30, 2012

| | | |
|------------------------------|----|-----|
| Average Death Benefit | \$ | - |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | - |

Fiscal Year Ended June 30, 2013

| | | |
|------------------------------|----|---------|
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 4 |

Number of Benefit Recipients



¹Lump sum death benefit of \$150,000 paid to the surviving spouse or child(ren) of a public safety officer who dies in the line of duty as defined in statute (IC 5-10-10) if there is no surviving spouse or child(ren), the benefit is paid to the parent(s).

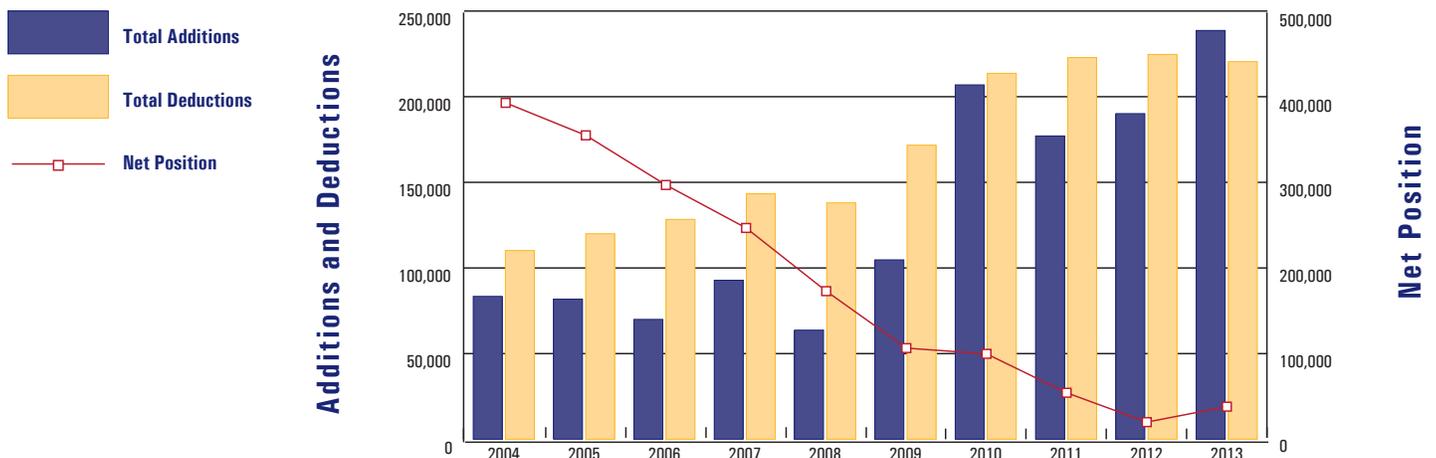
Schedule of Changes in Net Position

(dollars in thousands)

Fiscal Year Ended June 30

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|
| Additions | | | | | | | | | | |
| Member Contributions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Employer Contributions | - | - | - | - | - | 48,611 | 136,000 | 112,000 | 131,000 | 180,000 |
| Investment Income / (Loss) | 21,740 | 19,991 | 6,945 | 28,826 | 2,205 | (4,784) | 11,911 | 166 | 80 | 73 |
| Interfund Transfers | - | - | - | - | - | - | - | - | - | - |
| Other Additions | 61,695 | 61,834 | 63,051 | 63,993 | 61,521 | 60,922 | 58,991 | 64,908 | 59,047 | 58,588 |
| Total Additions | \$ 83,435 | \$ 81,825 | \$ 69,996 | \$ 92,819 | \$ 63,726 | \$ 104,749 | \$ 206,902 | \$ 177,074 | \$ 190,127 | \$ 238,661 |
| Deductions | | | | | | | | | | |
| Pension Benefits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Disability Benefits | - | - | - | - | - | - | - | - | - | - |
| Death Benefits | 300 | 450 | - | 150 | 450 | 150 | 450 | 450 | 150 | 300 |
| Distributions of Contributions and Interest | 6,004 | 4,091 | 3,072 | 2,267 | 2,422 | 4,020 | 96 | 2,894 | 250 | 284 |
| Pension Relief Distributions | 103,463 | 115,228 | 125,075 | 140,727 | 134,948 | 167,279 | 213,035 | 219,425 | 224,220 | 219,814 |
| Administrative and Project Expenses | 421 | 246 | 228 | 183 | 197 | 275 | 58 | 70 | 35 | 57 |
| Interfund Transfers | - | - | - | - | - | - | - | - | - | - |
| Total Deductions | \$ 110,188 | \$ 120,015 | \$ 128,375 | \$ 143,327 | \$ 138,017 | \$ 171,724 | \$ 213,639 | \$ 222,839 | \$ 224,655 | \$ 220,455 |
| Changes in Net Position | | | | | | | | | | |
| Beginning of Year | \$ 420,537 | \$ 393,784 | \$ 355,594 | \$ 297,215 | \$ 246,707 | \$ 172,416 | \$ 105,441 | \$ 98,704 | \$ 52,939 | \$ 18,411 |
| End of Year | 393,784 | 355,594 | 297,215 | 246,707 | 172,416 | 105,441 | 98,704 | 52,939 | 18,411 | 36,617 |
| Net Increase / (Decrease) | \$ (26,753) | \$ (38,190) | \$ (58,379) | \$ (50,508) | \$ (74,291) | \$ (66,975) | \$ (6,737) | \$ (45,765) | \$ (34,528) | \$ 18,206 |

Ten-Year Comparison of Net Position, Additions and Deductions (dollars in thousands)

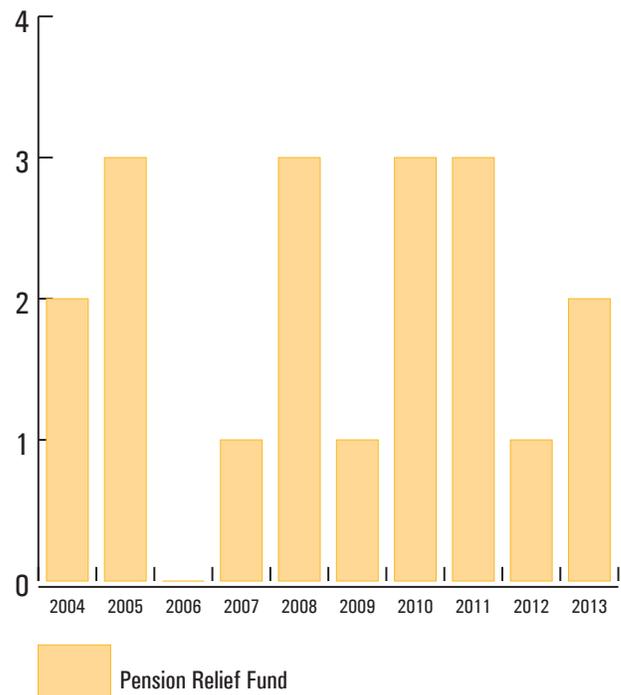


Schedule of Average Death Benefit Payments

Description

| Fiscal Year Ended June 30, 2004 | | |
|--|----|---------|
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 2 |
| Fiscal Year Ended June 30, 2005 | | |
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 3 |
| Fiscal Year Ended June 30, 2006 | | |
| Average Death Benefit | \$ | - |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | - |
| Fiscal Year Ended June 30, 2007 | | |
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 1 |
| Fiscal Year Ended June 30, 2008 | | |
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 3 |
| Fiscal Year Ended June 30, 2009 | | |
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 1 |
| Fiscal Year Ended June 30, 2010 | | |
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 3 |
| Fiscal Year Ended June 30, 2011 | | |
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 3 |
| Fiscal Year Ended June 30, 2012 | | |
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 1 |
| Fiscal Year Ended June 30, 2013 | | |
| Average Death Benefit | \$ | 150,000 |
| Average Final Average Salary | | N/A |
| Number of Benefit Recipients | | 2 |

Number of Benefit Recipients



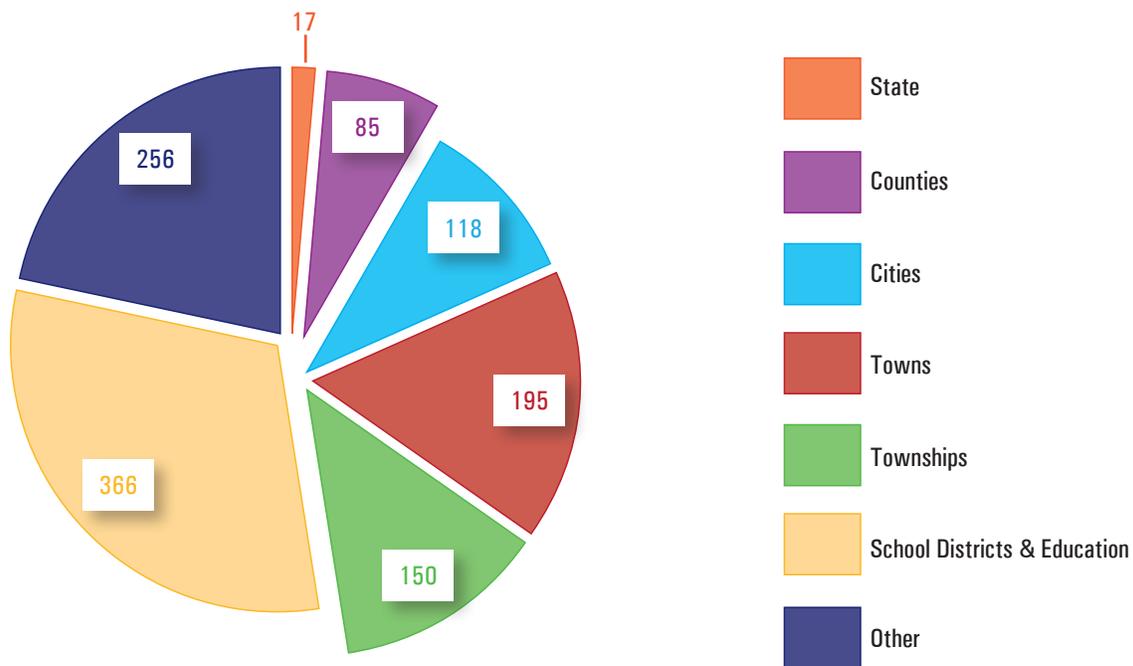
¹Lump sum death benefit of \$150,000 paid to the surviving spouse or child(ren) of a member of the 1977 Fund who dies in the line of duty as defined in statute (IC 36-8-8-20).if there is no surviving spouse or child(ren), the benefit is paid to the parent(s).

Schedule of Participating Employers

- PERF = Public Employees’ Retirement Fund
- TRF = Teachers’ Retirement Fund
- 1977 Fund = 1977 Police Officers’ and Firefighters’ Pension and Disability Fund
- JRS = Judges’ Retirement System
- EG&C Plan = State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers’ Retirement Plan
- PARF = Prosecuting Attorneys’ Retirement Fund
- LE = Legislators’ Retirement System

| Employers | Total ¹ | PERF | TRF | 1977 Fund | JRS | EG&C Plan | PARF | LE |
|------------------------------|--------------------|--------------|------------|------------|----------|-----------|----------|----------|
| State | 17 | 17 | 5 | - | 1 | 1 | 1 | 1 |
| Counties | 85 | 85 | - | - | - | - | - | - |
| Cities | 118 | 110 | - | 117 | - | - | - | - |
| Towns | 195 | 192 | - | 30 | - | - | - | - |
| Townships | 150 | 146 | - | 14 | - | - | - | - |
| School Districts & Education | 366 | 331 | 364 | - | - | - | - | - |
| Other | 256 | 256 | - | - | - | - | - | - |
| Total | 1,187 | 1,137 | 369 | 161 | 1 | 1 | 1 | 1 |

¹Sum of individual employers by retirement plan does not equal total employers, since one (1) employer may participate in multiple retirement plans.



Schedule of Participating Employers. continued

- PERF = Public Employees' Retirement Fund
- TRF = Teachers' Retirement Fund
- 1977 Fund = 1977 Police Officers' and Firefighters' Pension and Disability Fund
- JRS = Judges' Retirement System
- EG&C Plan = State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan
- PARF = Prosecuting Attorneys' Retirement Fund
- LE = Legislators' Retirement System

State: Total (17); PERF (17); TRF (5); Other Plans (4)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|---|-------------------------------------|
| Ball State University | PERF, TRF |
| Indiana Board for Depositories | PERF |
| Indiana Bond Bank | PERF |
| Indiana Finance Authority | PERF |
| Indiana Housing and Community Development Authority | PERF |
| Indiana Public Retirement System | PERF, TRF |
| Indiana Stadium and Convention Building Authority | PERF |
| Indiana State University | PERF |
| Indiana University | PERF |
| Indiana White River State Park Development Commission | PERF |
| Ivy Tech Community College | PERF |
| Northwest Indiana Law Enforcement Academy | PERF |
| Purdue University | PERF |
| State of Indiana | PERF, TRF, JRS, EG&C Plan, PARF, LE |
| Statewide 911 Board | PERF |
| University of Southern Indiana | PERF, TRF |
| Vincennes University | PERF, TRF |

Schedule of Participating Employers, continued

Counties: Total (85); PERF (85)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|--------------------|------|
| Adams County | PERF |
| Allen County | PERF |
| Bartholomew County | PERF |
| Blackford County | PERF |
| Boone County | PERF |
| Brown County | PERF |
| Carroll County | PERF |
| Cass County | PERF |
| Clark County | PERF |
| Clay County | PERF |
| Clinton County | PERF |
| Crawford County | PERF |
| Daviess County | PERF |
| Dearborn County | PERF |
| Decatur County | PERF |
| DeKalb County | PERF |
| Delaware County | PERF |
| Dubois County | PERF |
| Elkhart County | PERF |
| Fayette County | PERF |
| Floyd County | PERF |
| Franklin County | PERF |
| Fulton County | PERF |
| Gibson County | PERF |
| Grant County | PERF |
| Greene County | PERF |
| Hamilton County | PERF |
| Hancock County | PERF |
| Harrison County | PERF |
| Hendricks County | PERF |
| Henry County | PERF |
| Howard County | PERF |
| Huntington County | PERF |
| Jackson County | PERF |
| Jasper County | PERF |
| Jay County | PERF |
| Jefferson County | PERF |
| Johnson County | PERF |
| Knox County | PERF |
| Kosciusko County | PERF |
| LaGrange County | PERF |
| Lake County | PERF |
| LaPorte County | PERF |

Schedule of Participating Employers. continued

Counties: Total (85); PERF (85)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|--------------------|------|
| Lawrence County | PERF |
| Madison County | PERF |
| Marion County | PERF |
| Marshall County | PERF |
| Martin County | PERF |
| Miami County | PERF |
| Monroe County | PERF |
| Montgomery County | PERF |
| Morgan County | PERF |
| Newton County | PERF |
| Noble County | PERF |
| Orange County | PERF |
| Owen County | PERF |
| Parke County | PERF |
| Perry County | PERF |
| Pike County | PERF |
| Porter County | PERF |
| Posey County | PERF |
| Pulaski County | PERF |
| Putnam County | PERF |
| Randolph County | PERF |
| Ripley County | PERF |
| Rush County | PERF |
| Scott County | PERF |
| Shelby County | PERF |
| Spencer County | PERF |
| St. Joseph County | PERF |
| Starke County | PERF |
| Steuben County | PERF |
| Tippecanoe County | PERF |
| Union County | PERF |
| Vanderburgh County | PERF |
| Vermillion County | PERF |
| Vigo County | PERF |
| Wabash County | PERF |
| Warren County | PERF |
| Warrick County | PERF |
| Washington County | PERF |
| Wayne County | PERF |
| Wells County | PERF |
| White County | PERF |
| Whitley County | PERF |

Schedule of Participating Employers, continued

Cities: Total (118); PERF (110); 1977 Fund (117)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|------------------------|-----------------|
| City of Alexandria | PERF, 1977 Fund |
| City of Anderson | PERF, 1977 Fund |
| City of Angola | PERF, 1977 Fund |
| City of Attica | PERF, 1977 Fund |
| City of Auburn | PERF, 1977 Fund |
| City of Aurora | PERF, 1977 Fund |
| City of Austin | PERF, 1977 Fund |
| City of Batesville | PERF, 1977 Fund |
| City of Bedford | PERF, 1977 Fund |
| City of Beech Grove | PERF, 1977 Fund |
| City of Berne | PERF, 1977 Fund |
| City of Bicknell | 1977 Fund |
| City of Bloomington | PERF, 1977 Fund |
| City of Bluffton | PERF, 1977 Fund |
| City of Boonville | PERF, 1977 Fund |
| City of Brazil | 1977 Fund |
| City of Butler | PERF, 1977 Fund |
| City of Cannelton | 1977 Fund |
| City of Carmel | PERF, 1977 Fund |
| City of Charlestown | PERF, 1977 Fund |
| City of Clinton | PERF, 1977 Fund |
| City of Columbia City | PERF, 1977 Fund |
| City of Columbus | PERF, 1977 Fund |
| City of Connersville | PERF, 1977 Fund |
| City of Covington | 1977 Fund |
| City of Crawfordsville | PERF, 1977 Fund |
| City of Crown Point | PERF, 1977 Fund |
| City of Decatur | PERF, 1977 Fund |
| City of Delphi | PERF, 1977 Fund |
| City of Dunkirk | PERF, 1977 Fund |
| City of East Chicago | PERF, 1977 Fund |
| City of Elkhart | PERF, 1977 Fund |
| City of Elwood | PERF, 1977 Fund |
| City of Evansville | PERF, 1977 Fund |
| City of Fort Wayne | PERF, 1977 Fund |
| City of Frankfort | PERF, 1977 Fund |
| City of Franklin | PERF, 1977 Fund |
| City of Garrett | PERF, 1977 Fund |
| City of Gary | PERF, 1977 Fund |
| City of Gas City | PERF, 1977 Fund |
| City of Goshen | PERF, 1977 Fund |
| City of Greencastle | PERF, 1977 Fund |
| City of Greendale | PERF, 1977 Fund |

Schedule of Participating Employers. continued

Cities: Total (118); PERF (110); 1977 Fund (117)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|------------------------|-----------------|
| City of Greenfield | PERF, 1977 Fund |
| City of Greensburg | PERF, 1977 Fund |
| City of Greenwood | PERF, 1977 Fund |
| City of Hammond | PERF, 1977 Fund |
| City of Hartford City | PERF, 1977 Fund |
| City of Hobart | PERF, 1977 Fund |
| City of Huntingburg | PERF, 1977 Fund |
| City of Huntington | PERF, 1977 Fund |
| City of Indianapolis | PERF, 1977 Fund |
| City of Jasonville | PERF, 1977 Fund |
| City of Jasper | PERF, 1977 Fund |
| City of Jeffersonville | PERF, 1977 Fund |
| City of Jonesboro | PERF, 1977 Fund |
| City of Kendallville | PERF, 1977 Fund |
| City of Knox | PERF, 1977 Fund |
| City of Kokomo | PERF, 1977 Fund |
| City of Lafayette | PERF, 1977 Fund |
| City of Lake Station | PERF, 1977 Fund |
| City of LaPorte | PERF, 1977 Fund |
| City of Lawrence | PERF, 1977 Fund |
| City of Lawrenceburg | PERF, 1977 Fund |
| City of Lebanon | PERF, 1977 Fund |
| City of Ligonier | PERF, 1977 Fund |
| City of Linton | PERF, 1977 Fund |
| City of Logansport | PERF, 1977 Fund |
| City of Loogootee | PERF, 1977 Fund |
| City of Madison | PERF, 1977 Fund |
| City of Marion | PERF, 1977 Fund |
| City of Martinsville | PERF, 1977 Fund |
| City of Michigan City | PERF, 1977 Fund |
| City of Mishawaka | PERF, 1977 Fund |
| City of Mitchell | PERF, 1977 Fund |
| City of Monticello | PERF, 1977 Fund |
| City of Montpelier | PERF, 1977 Fund |
| City of Mount Vernon | 1977 Fund |
| City of Muncie | PERF, 1977 Fund |
| City of Nappanee | PERF, 1977 Fund |
| City of New Albany | PERF, 1977 Fund |
| City of New Castle | PERF, 1977 Fund |
| City of New Haven | PERF, 1977 Fund |
| City of Noblesville | PERF, 1977 Fund |
| City of North Vernon | PERF, 1977 Fund |
| City of Oakland City | PERF, 1977 Fund |

Schedule of Participating Employers, continued

Cities: Total (118); PERF (110); 1977 Fund (117)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|------------------------|-----------------|
| City of Peru | PERF, 1977 Fund |
| City of Petersburg | PERF, 1977 Fund |
| City of Plymouth | PERF, 1977 Fund |
| City of Portage | PERF, 1977 Fund |
| City of Portland | PERF, 1977 Fund |
| City of Princeton | PERF, 1977 Fund |
| City of Rensselaer | PERF, 1977 Fund |
| City of Richmond | PERF, 1977 Fund |
| City of Rising Sun | PERF, 1977 Fund |
| City of Rochester | PERF, 1977 Fund |
| City of Rockport | PERF |
| City of Rushville | PERF, 1977 Fund |
| City of Salem | PERF, 1977 Fund |
| City of Scottsburg | PERF, 1977 Fund |
| City of Seymour | PERF, 1977 Fund |
| City of Shelbyville | PERF, 1977 Fund |
| City of South Bend | PERF, 1977 Fund |
| City of Sullivan | 1977 Fund |
| City of Tell City | PERF, 1977 Fund |
| City of Terre Haute | PERF, 1977 Fund |
| City of Tipton | 1977 Fund |
| City of Union City | PERF, 1977 Fund |
| City of Valparaiso | PERF, 1977 Fund |
| City of Vincennes | PERF, 1977 Fund |
| City of Wabash | PERF, 1977 Fund |
| City of Warsaw | PERF, 1977 Fund |
| City of Washington | PERF, 1977 Fund |
| City of West Lafayette | PERF, 1977 Fund |
| City of Westfield | PERF, 1977 Fund |
| City of Whiting | PERF, 1977 Fund |
| City of Winchester | PERF, 1977 Fund |
| City of Woodburn | 1977 Fund |

Schedule of Participating Employers. continued

Towns: Total (195); PERF (192); 1977 Fund (30)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|------------------------|-----------------|
| Town of Advance | PERF |
| Town of Akron | PERF |
| Town of Albany | PERF |
| Town of Albion | PERF |
| Town of Andrews | PERF |
| Town of Arcadia | PERF |
| Town of Argos | PERF, 1977 Fund |
| Town of Ashley | PERF |
| Town of Atlanta | PERF |
| Town of Avilla | PERF |
| Town of Avon | 1977 Fund |
| Town of Bainbridge | PERF |
| Town of Bargersville | 1977 Fund |
| Town of Battle Ground | PERF |
| Town of Birdseye | PERF |
| Town of Bloomfield | PERF |
| Town of Boswell | PERF |
| Town of Bourbon | PERF |
| Town of Bremen | PERF, 1977 Fund |
| Town of Brook | PERF |
| Town of Brookston | PERF |
| Town of Brookville | PERF |
| Town of Brownsburg | PERF, 1977 Fund |
| Town of Bunker Hill | PERF |
| Town of Burlington | PERF |
| Town of Burns Harbor | PERF |
| Town of Cambridge City | PERF |
| Town of Campbellsburg | PERF |
| Town of Carbon | PERF |
| Town of Carlisle | PERF |
| Town of Cedar Lake | PERF, 1977 Fund |
| Town of Centerville | PERF |
| Town of Chandler | PERF |
| Town of Chesterfield | PERF |
| Town of Chesterton | PERF, 1977 Fund |
| Town of Chrisney | PERF |
| Town of Cicero | PERF, 1977 Fund |
| Town of Clarks Hill | PERF |
| Town of Clarksville | PERF, 1977 Fund |
| Town of Clear Lake | PERF |
| Town of Cloverdale | PERF |
| Town of Colfax | PERF |
| Town of Converse | PERF |

Schedule of Participating Employers, continued

Towns: Total (195); PERF (192); 1977 Fund (30)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|---------------------------|-----------------|
| Town of Corydon | PERF |
| Town of Crothersville | PERF |
| Town of Culver | PERF |
| Town of Cumberland | PERF |
| Town of Cynthia | PERF |
| Town of Daleville | PERF |
| Town of Danville | PERF, 1977 Fund |
| Town of Darlington | PERF |
| Town of Dayton | PERF |
| Town of Dillsboro | PERF |
| Town of Dublin | PERF |
| Town of Dugger | PERF |
| Town of Dyer | PERF, 1977 Fund |
| Town of Eaton | PERF |
| Town of Edgewood | PERF |
| Town of Edinburgh | PERF |
| Town of Ellettsville | PERF |
| Town of Fairmount | PERF |
| Town of Farmland | PERF |
| Town of Fishers | PERF, 1977 Fund |
| Town of Flora | PERF |
| Town of Fort Branch | PERF |
| Town of Fortville | PERF |
| Town of Frankton | PERF |
| Town of Fremont | PERF |
| Town of French Lick | PERF |
| Town of Gaston | PERF |
| Town of Geneva | PERF |
| Town of Grabill | PERF |
| Town of Grandview | PERF |
| Town of Greentown | PERF |
| Town of Griffith | PERF, 1977 Fund |
| Town of Hagerstown | PERF |
| Town of Hamilton | PERF |
| Town of Hamlet | PERF |
| Town of Hanover | PERF |
| Town of Harmony | PERF |
| Town of Hebron | PERF |
| Town of Highland | PERF, 1977 Fund |
| Town of Hometown | PERF |
| Town of Jamestown | PERF |
| Town of Kingsford Heights | PERF |
| Town of Knightstown | PERF |

Schedule of Participating Employers. continued

Towns: Total (195); PERF (192); 1977 Fund (30)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|--------------------------|-----------------|
| Town of Ladoga | PERF |
| Town of Lafontaine | PERF |
| Town of LaGrange | PERF |
| Town of Lagro | PERF |
| Town of Lapaz | PERF |
| Town of Lapel | PERF |
| Town of Lewisville | PERF |
| Town of Liberty | PERF |
| Town of Long Beach | PERF |
| Town of Lowell | PERF, 1977 Fund |
| Town of Lynn | PERF |
| Town of Markle | PERF |
| Town of Matthews | PERF |
| Town of McCordsville | PERF |
| Town of Mentone | PERF |
| Town of Merrillville | PERF, 1977 Fund |
| Town of Middletown | PERF |
| Town of Milan | PERF |
| Town of Millersburg | PERF |
| Town of Milton | PERF |
| Town of Monon | PERF |
| Town of Monroe | PERF |
| Town of Monroe City | PERF |
| Town of Monroeville | PERF |
| Town of Montgomery | PERF |
| Town of Moores Hill | PERF |
| Town of Mooresville | PERF, 1977 Fund |
| Town of Morocco | PERF |
| Town of Mount Summit | PERF |
| Town of Mulberry | PERF |
| Town of Munster | PERF, 1977 Fund |
| Town of Nashville | PERF |
| Town of New Carlisle | PERF |
| Town of New Chicago | PERF, 1977 Fund |
| Town of New Harmony | PERF |
| Town of New Palestine | PERF |
| Town of New Pekin | PERF |
| Town of New Ross | PERF |
| Town of New Whiteland | PERF |
| Town of Newburgh | PERF, 1977 Fund |
| Town of North Judson | PERF |
| Town of North Liberty | PERF |
| Town of North Manchester | PERF |

Schedule of Participating Employers, continued

Towns: Total (195); PERF (192); 1977 Fund (30)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|------------------------|-----------------|
| Town of North Webster | PERF |
| Town of Oaktown | PERF |
| Town of Odon | PERF |
| Town of Ogden Dunes | PERF |
| Town of Oolitic | PERF |
| Town of Orland | PERF |
| Town of Orleans | PERF |
| Town of Osgood | PERF |
| Town of Ossian | PERF, 1977 Fund |
| Town of Otterbein | PERF |
| Town of Paoli | PERF |
| Town of Paragon | PERF |
| Town of Pendleton | PERF |
| Town of Pierceton | PERF |
| Town of Pittsboro | PERF |
| Town of Plainfield | PERF, 1977 Fund |
| Town of Porter | PERF, 1977 Fund |
| Town of Poseyville | PERF |
| Town of Prince's Lakes | PERF |
| Town of Remington | PERF |
| Town of Roachdale | PERF |
| Town of Rockville | PERF |
| Town of Rome City | PERF |
| Town of Rossville | PERF |
| Town of Royal Center | PERF |
| Town of Russiaville | PERF |
| Town of Schererville | PERF, 1977 Fund |
| Town of Sellersburg | PERF, 1977 Fund |
| Town of Sharpsville | PERF |
| Town of Shelburn | PERF |
| Town of Shoals | PERF |
| Town of South Whitley | PERF |
| Town of Speedway | PERF, 1977 Fund |
| Town of Spencer | PERF |
| Town of Spiceland | PERF |
| Town of St. John | PERF, 1977 Fund |
| Town of St. Leon | PERF |
| Town of St. Paul | PERF |
| Town of Summitville | PERF |
| Town of Sweetser | PERF |
| Town of Tennyson | PERF |
| Town of Thorntown | PERF |
| Town of Topeka | PERF |

Schedule of Participating Employers, continued

Towns: Total (195); PERF (192); 1977 Fund (30)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|----------------------------|-----------------|
| Town of Trafalgar | 1977 Fund |
| Town of Trail Creek | PERF |
| Town of Van Buren | PERF |
| Town of Versailles | PERF |
| Town of Walkerton | PERF |
| Town of Wanatah | PERF |
| Town of Waterloo | PERF |
| Town of West Baden Springs | PERF |
| Town of West Terre Haute | PERF |
| Town of Westport | PERF |
| Town of Whiteland | PERF |
| Town of Whitestown | PERF, 1977 Fund |
| Town of Williamsport | PERF |
| Town of Winamac | PERF |
| Town of Windfall | PERF |
| Town of Winfield | PERF |
| Town of Winona Lake | PERF |
| Town of Winslow | PERF |
| Town of Wolcott | PERF |
| Town of Wolcottville | PERF |
| Town of Worthington | PERF |
| Town of Yorktown | PERF |
| Town of Zionsville | PERF, 1977 Fund |

Schedule of Participating Employers, continued

Townships: Total (150); PERF (146); 1977 Fund (14)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|--------------------------------------|-----------------|
| Aboite Township-Allen County | PERF |
| Adams Township-Allen County | PERF |
| Adams Township-Hamilton County | PERF |
| Adams Township-Parke County | PERF |
| Anderson Township-Madison County | PERF |
| Bainbridge Township-Dubois County | PERF |
| Beaver Township-Newton County | PERF |
| Beech Creek Township-Greene County | PERF |
| Bloomfield Township-LaGrange County | PERF |
| Bloomington Township-Monroe County | PERF |
| Bourbon Township-Marshall County | PERF |
| Brown Township-Morgan County | PERF, 1977 Fund |
| Buck Creek Township-Hancock County | PERF, 1977 Fund |
| Calumet Township-Lake County | PERF |
| Cedar Creek Township-Lake County | PERF |
| Center Township-Boone County | PERF, 1977 Fund |
| Center Township-Delaware County | PERF |
| Center Township-Grant County | PERF |
| Center Township-Hendricks County | PERF |
| Center Township-Howard County | PERF |
| Center Township-Lake County | PERF |
| Center Township-Marion County | PERF |
| Center Township-Marshall County | PERF |
| Center Township-Porter County | PERF |
| Center Township-Vanderburgh County | PERF |
| Centre Township-St. Joseph County | PERF |
| Charlestown Township-Clark County | PERF |
| Chester Township-Wabash County | PERF |
| Clay Township-Hamilton County | PERF |
| Clay Township-St. Joseph County | PERF |
| Clear Creek Township-Monroe County | PERF |
| Cleveland Township-Elkhart County | PERF |
| Columbia Township-Whitley County | PERF |
| Columbus Township-Bartholomew County | PERF |
| Concord Township-Elkhart County | PERF |
| Decatur Township-Marion County | PERF, 1977 Fund |
| Delaware Township-Hamilton County | PERF |
| Eel River Township-Hendricks County | PERF |
| Etna-Troy Township-Whitley County | PERF |
| Fairfield Township-Tippecanoe County | PERF |
| Fayette Township-Vigo County | PERF |
| Franklin Township-Harrison County | PERF |
| Franklin Township-Marion County | PERF |

Schedule of Participating Employers. continued

Townships: Total (150); PERF (146); 1977 Fund (14)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|--|-----------------|
| Georgetown Township-Floyd County | PERF |
| German Township-Marshall County | PERF |
| Grant Township-Newton County | PERF |
| Guilford Civil Township-Hendricks County | PERF |
| Hanover Township-Lake County | PERF |
| Hanover Township-Shelby County | PERF |
| Harrison Township-Vigo County | PERF |
| Helt Township-Vermillion County | PERF |
| Henry Township-Henry County | PERF |
| Highland Township-Greene County | PERF |
| Hobart Township-Lake County | PERF |
| Honey Creek Township-Vigo County | PERF |
| Huntington Township-Huntington County | PERF |
| Jackson Township-Harrison County | PERF |
| Jackson Township-Jackson County | PERF |
| Jackson Township-Wayne County | PERF |
| Jamestown Township-Steuben County | PERF |
| Jefferson Township-Grant County | PERF |
| Jefferson Township-Greene County | PERF |
| Jefferson Township-Pike County | PERF |
| Jefferson Township-Whitley County | PERF |
| Jeffersonville Township-Clark County | PERF |
| Johnson Township-LaGrange County | PERF |
| Knight Township-Vanderburgh County | PERF |
| Lafayette Township-Floyd County | PERF |
| Lake Township-Kosciusko County | PERF |
| Lawrence Township-Marion County | PERF, 1977 Fund |
| Liberty Township-Porter County | PERF |
| Lost Creek Township-Vigo County | PERF |
| Madison Township-Dubois County | PERF |
| Madison Township-Jefferson County | PERF |
| Madison Township-Pike County | PERF |
| Marion Township-Jasper County | PERF |
| Michigan Township-LaPorte County | PERF |
| Middle Township-Hendricks County | 1977 Fund |
| Middlebury Township-Elkhart County | PERF |
| Milan Township-Allen County | PERF |
| New Albany Township-Floyd County | PERF |
| Newbury Township-LaGrange County | PERF |
| Noble Township-Wabash County | PERF |
| Noblesville Township-Hamilton County | PERF |
| North Township-Lake County | PERF |
| Ohio Township-Warrick County | PERF |

Schedule of Participating Employers, continued

Townships: Total (150); PERF (146); 1977 Fund (14)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|--|-----------------|
| Patoka Township-Gibson County | PERF, 1977 Fund |
| Penn Township-St. Joseph County | PERF |
| Perry Township-Allen County | PERF |
| Perry Township-Marion County | PERF |
| Perry Township-Martin County | PERF |
| Perry Township-Monroe County | PERF |
| Perry Township-Vanderburgh County | PERF |
| Perry-Clear Creek Township-Monroe County | 1977 Fund |
| Peru Township-Miami County | PERF |
| Pigeon Township-Vanderburgh County | PERF |
| Pike Township-Marion County | PERF, 1977 Fund |
| Pipecreek Township-Madison County | PERF |
| Pleasant Township-Johnson County | PERF |
| Pleasant Township-Steuben County | PERF |
| Pleasant Township-Wabash County | PERF |
| Portage Township-Porter County | PERF |
| Portage Township-St. Joseph County | PERF |
| Posey Township-Fayette County | PERF |
| Posey Township-Washington County | PERF |
| Prairie Township-Kosciusko County | PERF |
| Richland Township-Greene County | PERF |
| Richland Township-Jay County | PERF |
| Richland Township-Monroe County | PERF |
| Root Township-Adams County | PERF |
| Ross Township-Lake County | PERF |
| Seward Township-Kosciusko County | PERF |
| Shawswick Township-Lawrence County | PERF |
| Spencer Township-Harrison County | PERF |
| Springfield Township-LaPorte County | PERF |
| St. John Township-Lake County | PERF |
| St. Joseph Township-Allen County | PERF |
| Stafford Township-Greene County | PERF |
| Stockton Township-Greene County | PERF |
| Sugar Creek Township-Hancock County | 1977 Fund |
| Sugar Creek Township-Montgomery County | PERF |
| Sugar Creek Township-Vigo County | PERF |
| Taylor Township-Greene County | PERF |
| Taylor Township-Howard County | PERF |
| Thorncreek Township-Whitley County | PERF |
| Tippecanoe Township-Kosciusko County | PERF |
| Union Township-Adams County | PERF |
| Union Township-Marshall County | PERF |
| Union Township-Montgomery County | PERF |

Schedule of Participating Employers. continued

Townships: Total (150); PERF (146); 1977 Fund (14)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|--------------------------------------|-----------------|
| Union Township-Whitley County | PERF |
| Van Buren Township-Monroe County | PERF |
| Vincennes Township-Knox County | PERF, 1977 Fund |
| Wabash Township-Tippecanoe County | PERF |
| Warren Township-Marion County | PERF |
| Washington Township-Adams County | PERF |
| Washington Township-Daviess County | PERF |
| Washington Township-Grant County | PERF |
| Washington Township-Hamilton County | PERF |
| Washington Township-Marion County | PERF |
| Washington Township-Morgan County | PERF, 1977 Fund |
| Washington Township-Pike County | PERF |
| Wayne Township-Allen County | PERF |
| Wayne Township-Marion County | PERF, 1977 Fund |
| Wayne Township-Wayne County | PERF |
| West Creek Township-Lake County | PERF |
| West Township-Marshall County | PERF |
| Wheatfield Township-Jasper County | PERF |
| White River Township-Johnson County | 1977 Fund |
| White River Township-Randolph County | PERF |
| Wright Township-Greene County | PERF |

Schedule of Participating Employers, continued

School Districts and Education: Total (366); PERF (331); TRF (364) Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|---|-----------|
| 21st Century Charter School at Gary | PERF, TRF |
| Adams Central Community Schools | PERF, TRF |
| Alexandria Community School Corporation | PERF, TRF |
| American Quality Schools | TRF |
| Anderson Community School Corporation | PERF, TRF |
| Anderson Preparatory Academy (Charter) | TRF |
| Area 30 Career Center (Charter) | PERF, TRF |
| Argos Community Schools | PERF, TRF |
| Attica Consolidated School Corporation | PERF, TRF |
| Avon Community School Corporation | PERF, TRF |
| Barr-Reeve Community Schools | PERF, TRF |
| Bartholomew Consolidated School Corporation | PERF, TRF |
| Batesville Community School Corporation | PERF, TRF |
| Baugo Community Schools | PERF, TRF |
| Beacon Academy Inc. (Charter) | TRF |
| Beech Grove City Schools | PERF, TRF |
| Benton Community School Corporation | PERF, TRF |
| Blackford County Metropolitan School District | PERF, TRF |
| Bloomfield School District | PERF, TRF |
| Bloomington Project School (Charter) | PERF, TRF |
| Blue River Career Programs | PERF, TRF |
| Blue River Valley Schools | PERF, TRF |
| Bluffton-Harrison Metropolitan School District | PERF, TRF |
| Boone Township Metropolitan School District | PERF, TRF |
| Bremen Public Schools | PERF, TRF |
| Brown County School Corporation | PERF, TRF |
| Brownsburg Community School Corporation | PERF, TRF |
| Brownstown Central Community School Corporation | PERF, TRF |
| Cannelton City Schools | PERF, TRF |
| Carmel-Clay Schools | PERF, TRF |
| Carroll Consolidated School Corporation | PERF, TRF |
| Caston School Corporation | PERF, TRF |
| Center Grove Community School Corporation | PERF, TRF |
| Centerville-Abington Community Schools | PERF, TRF |
| Central Indiana Educational Service Center | PERF, TRF |
| Central Nine Career Center | PERF, TRF |
| Central Noble Community School Corporation | PERF, TRF |
| Challenge Foundation Academy Charter School | TRF |
| Charles A. Beard Memorial School Corporation | PERF, TRF |
| Charles A. Tindley Accelerated School (Charter) | PERF, TRF |
| Charter School of the Dunes | PERF, TRF |
| Charter Schools U.S.A. | PERF, TRF |
| Christel House Academy (Charter) | PERF, TRF |

Schedule of Participating Employers, continued

School Districts and Education: Total (366); PERF (331); TRF (364) Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|---|-----------|
| Clark Pleasant Community School Corporation | TRF |
| Clarksville Community School Corporation | PERF, TRF |
| Clay Community Schools | PERF, TRF |
| Clinton Central School Corporation | PERF, TRF |
| Clinton Prairie School Corporation | PERF, TRF |
| Cloverdale Community School Corporation | PERF, TRF |
| Community Montessori School (Charter) | PERF, TRF |
| Concord Community Schools | PERF, TRF |
| Covered Bridge Special Education District | PERF, TRF |
| Covington Community School Corporation | PERF, TRF |
| Cowan Community School Corporation | PERF, TRF |
| Crawford County Community School Corporation | PERF, TRF |
| Crawfordsville Community School Corporation | PERF, TRF |
| Crothersville Community Schools | PERF, TRF |
| Crown Point Community School Corporation | PERF, TRF |
| Culver Community School Corporation | PERF, TRF |
| Daleville Community Schools | PERF, TRF |
| Danville Community School Corporation | PERF, TRF |
| Daviess-Martin Special Education Cooperative | PERF, TRF |
| Decatur County Community Schools | PERF, TRF |
| Decatur Township Metropolitan School District | PERF, TRF |
| DeKalb County Central United School District | PERF, TRF |
| DeKalb County Eastern Community School District | PERF, TRF |
| Delaware Community School Corporation | PERF, TRF |
| Delphi Community School Corporation | PERF, TRF |
| Discovery Charter School | PERF, TRF |
| Duneland School Corporation | PERF, TRF |
| East Allen County Schools | PERF, TRF |
| East Central Indiana Educational Service Center | PERF, TRF |
| East Chicago City School Corporation | PERF, TRF |
| East Chicago Urban Enterprise Academy (Charter) | PERF, TRF |
| East Gibson School Corporation | PERF, TRF |
| East Noble School Corporation | PERF, TRF |
| East Porter County School Corporation | PERF, TRF |
| East Washington School Corporation | PERF, TRF |
| Eastbrook Community School Corporation | PERF, TRF |
| Eastern Greene Schools | TRF |
| Eastern Hancock County Community School Corporation | PERF, TRF |
| Eastern Pulaski County Community School Corporation | PERF, TRF |
| Eastern-Howard County School Corporation | PERF, TRF |
| Edinburgh Community School Corporation | PERF, TRF |
| Edison Learning | PERF, TRF |
| EdPower Charter School | PERF, TRF |

Schedule of Participating Employers, continued

School Districts and Education: Total (366); PERF (331); TRF (364)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|---|-----------|
| Elkhart Community Schools | PERF, TRF |
| Elwood Community School Corporation | PERF, TRF |
| Eminence Consolidated School Corporation | TRF |
| Evansville-Vanderburgh School Corporation | PERF, TRF |
| Fairfield Community Schools | PERF, TRF |
| Fall Creek Academy | TRF |
| Fayette County School Corporation | PERF, TRF |
| Flanner House Elementary School (Charter) | PERF, TRF |
| Flat Rock-Hawcreek School Corporation | PERF, TRF |
| Fort Wayne Community Schools | PERF, TRF |
| Fountain Square Academy (Charter) | TRF |
| Frankfort Community Schools | PERF, TRF |
| Franklin Community Schools | PERF, TRF |
| Franklin County Community School Corporation | PERF, TRF |
| Franklin Township Community School Corporation | PERF, TRF |
| Frankton-Lapel Community Schools | PERF, TRF |
| Fremont Community Schools | PERF, TRF |
| Frontier School Corporation | PERF, TRF |
| Garrett-Keyser-Butler Community School District | PERF, TRF |
| Gary Community School Corporation | PERF, TRF |
| Gary Middle College Charter School | PERF, TRF |
| Goodwill Education Initiatives | TRF |
| Goshen Community Schools | PERF, TRF |
| Greater Clark County Schools | PERF, TRF |
| Greater Jasper Consolidated Schools | PERF, TRF |
| Greater Randolph Interlocal Cooperative | PERF, TRF |
| Greencastle Consolidated Schools | PERF, TRF |
| Greene-Sullivan Special Education Co-op | TRF |
| Greenfield Central Community School Corporation | PERF, TRF |
| Greensburg Community Schools | PERF, TRF |
| Greenwood Community School Corporation | PERF, TRF |
| Griffith Public Schools | PERF, TRF |
| Hamilton Community Schools | PERF, TRF |
| Hamilton Heights School Corporation | PERF, TRF |
| Hamilton Southeastern Schools | PERF, TRF |
| Hammond Public Schools | PERF, TRF |
| Hammond Urban Academy (Charter) | PERF, TRF |
| Hancock-Madison-Shelby Educational Services | PERF, TRF |
| Hanover Community School Corporation | PERF, TRF |
| Harrison County Lifelong Learning | PERF |
| Heartland Career Center | PERF, TRF |
| Herron High School Charter School | TRF |
| Highland Town School Corporation | PERF, TRF |

Schedule of Participating Employers, continued

School Districts and Education: Total (366); PERF (331); TRF (364) Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|--|-----------|
| Hobart City School Corporation | PERF, TRF |
| Hoosier Academy Inc. - Indianapolis (Charter) | TRF |
| Hoosier Academy Inc. - Muncie (Charter) | TRF |
| Hope Academy (Recovery High School At Fairbanks) | PERF, TRF |
| Huntington County Community School Corporation | PERF, TRF |
| Indiana Math and Science Academy North (Charter) | PERF, TRF |
| Indiana Math and Science Academy West (Charter) | PERF, TRF |
| Indiana Virtual Academy | TRF |
| Indiana Virtual Pilot School | TRF |
| Indianapolis Project School (Charter) | TRF |
| Indianapolis Public Schools | PERF, TRF |
| International School of Columbus (Charter) | TRF |
| Irvington Community School | PERF, TRF |
| Jac-Cen-Del Community School Corporation | PERF, TRF |
| Jay School Corporation | PERF, TRF |
| Jennings County School Corporation | PERF, TRF |
| John Glenn School Corporation | PERF, TRF |
| Johnson County Schools Special Services | PERF, TRF |
| Joshua Academy, Inc. (Charter) | PERF, TRF |
| Kankakee Valley School Corporation | TRF |
| Kenneth A. Christmon Stemm Academy (Charter) | PERF, TRF |
| Kipp Indianapolis Charter School | TRF |
| Kipp Lead College Preparatory Charter School | PERF, TRF |
| Knox Community School Corporation | PERF, TRF |
| Kokomo Center Township Consolidated School Corporation | PERF, TRF |
| Lafayette School Corporation | PERF, TRF |
| Lake Central School Corporation | PERF, TRF |
| Lake Ridge Schools | PERF, TRF |
| Lake Station Community School Corporation | PERF, TRF |
| Lakeland School Corporation | PERF, TRF |
| Lanesville Community School Corporation | PERF, TRF |
| LaPorte Community School Corporation | PERF, TRF |
| Lawrence Township Metropolitan School District | PERF, TRF |
| Lawrenceburg Community School Corporation | PERF, TRF |
| Lebanon Community School Corporation | TRF |
| Liberty-Perry Community School Corporation | PERF, TRF |
| Linton-Stockton School Corporation | PERF, TRF |
| Logansport Community Schools | PERF, TRF |
| Loogootee Community School Corporation | PERF, TRF |
| Lost River Career Cooperative | PERF, TRF |
| Maconaquah School Corporation | PERF, TRF |
| Madison Area Educational Special Services | PERF, TRF |
| Madison Consolidated Schools | PERF, TRF |

Schedule of Participating Employers, continued

School Districts and Education: Total (366); PERF (331); TRF (364)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|--|-----------|
| Madison Grant United School Corporation | PERF, TRF |
| Manchester Community Schools | PERF, TRF |
| Marion Adams School Corporation (Sheridan Community Schools) | PERF, TRF |
| Marion Community Schools | PERF, TRF |
| Martinsville Metropolitan School District | PERF, TRF |
| Medora Community School Corporation | TRF |
| Merrillville Community School Corporation | PERF, TRF |
| Michigan City Area Schools | PERF, TRF |
| Middlebury Community School Corporation | PERF, TRF |
| Milan Schools | PERF, TRF |
| Mill Creek Community School Corporation | PERF, TRF |
| Mishawaka City School Corporation | PERF, TRF |
| Mississinewa Community School Corporation | PERF, TRF |
| Mitchell Community Schools | PERF, TRF |
| Monroe Central School Corporation | PERF, TRF |
| Monroe County Community School Corporation | PERF, TRF |
| Monroe-Gregg School District | PERF, TRF |
| Mooresville Consolidated School Corporation | PERF, TRF |
| Mount Vernon Community School Corporation | PERF, TRF |
| Mount Vernon Metropolitan School District | PERF, TRF |
| Muncie Community Schools | PERF, TRF |
| Munster Town School Corporation | PERF, TRF |
| Nettle Creek School Corporation | PERF, TRF |
| New Albany-Floyd County School Corporation | PERF, TRF |
| New Castle Community School Corporation | PERF, TRF |
| New Community School (Charter) | PERF, TRF |
| New Durham Township Metropolitan School District | TRF |
| New Prairie United School Corporation | PERF, TRF |
| Nineveh Hensley Jackson United School Corporation | PERF, TRF |
| Noblesville School Corporation | PERF, TRF |
| North Adams Community Schools | PERF, TRF |
| North Central Parke Community School Corporation | PERF, TRF |
| North Daviess Community Schools | PERF, TRF |
| North Gibson School Corporation | PERF, TRF |
| North Harrison Community School Corporation | PERF, TRF |
| North Judson-San Pierre Schools | PERF, TRF |
| North Knox School Corporation | PERF, TRF |
| North Lawrence Community Schools | PERF, TRF |
| North Miami Community Schools | PERF, TRF |
| North Montgomery School Corporation | PERF, TRF |
| North Newton School Corporation | PERF, TRF |
| North Posey County Metropolitan School District | PERF, TRF |
| North Putnam Community School Corporation | PERF, TRF |

Schedule of Participating Employers, continued

School Districts and Education: Total (366); PERF (331); TRF (364) Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|--|-----------|
| North Spencer County School Corporation | TRF |
| North Vermillion Community School Corporation | PERF, TRF |
| North White School Corporation | PERF, TRF |
| Northeast Dubois County School Corporation | PERF, TRF |
| Northeast School Corporation | PERF, TRF |
| Northeastern Wayne Schools | PERF, TRF |
| Northern Wells Community Schools | PERF, TRF |
| Northwest Allen County Schools | PERF, TRF |
| Northwest Hendricks Schools | PERF, TRF |
| Northwest Indiana Educational Service Center | TRF |
| Northwest Indiana Special Education Cooperative | PERF, TRF |
| Northwestern Consolidated School District of Shelby County | PERF, TRF |
| Northwestern School Corporation - Howard County | PERF, TRF |
| Oak Hill United School Corporation | PERF, TRF |
| Old National Trail Special Services | PERF, TRF |
| Options Charter School - Carmel | PERF, TRF |
| Options Charter School - Noblesville | PERF, TRF |
| Oregon-Davis School Corporation | PERF, TRF |
| Orleans Community Schools | PERF, TRF |
| Paoli Community School Corporation | PERF, TRF |
| Paramount School of Excellence (Charter) | TRF |
| Penn-Harris-Madison School Corporation | PERF, TRF |
| Perry Central Community School Corporation | PERF, TRF |
| Perry Township Metropolitan School District | PERF, TRF |
| Peru Community School Corporation | PERF, TRF |
| Pike County School Corporation | PERF, TRF |
| Pike Township Metropolitan School District | PERF, TRF |
| Pioneer Regional School Corporation | PERF, TRF |
| Plainfield Community School Corporation | PERF, TRF |
| Plymouth Community School Corporation | PERF, TRF |
| Portage Township Schools | PERF, TRF |
| Porter County Education Services | PERF, TRF |
| Porter Township School Corporation | TRF |
| Prairie Heights Community School Corporation | PERF, TRF |
| Randolph Central School Corporation | PERF, TRF |
| Randolph Eastern School Corporation | PERF, TRF |
| Randolph Southern School Corporation | PERF, TRF |
| Region 8 Education Service Center | PERF, TRF |
| Renaissance Academy Charter School | PERF, TRF |
| Rensselaer Central School Corporation | PERF, TRF |
| Richland-Bean Blossom School Corporation | PERF, TRF |
| Richmond Community Schools | PERF, TRF |
| Ripley-Ohio-Dearborn Special Education Cooperative | PERF, TRF |

Schedule of Participating Employers, continued

School Districts and Education: Total (366); PERF (331); TRF (364)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|---|-----------|
| Rising Sun-Ohio County Community School Corporation | PERF, TRF |
| River Forest Community School Corporation | PERF, TRF |
| Rochester Community Schools | PERF, TRF |
| Rossville Consolidated School District | PERF, TRF |
| Rural Community Schools | PERF, TRF |
| Rush County Schools | PERF, TRF |
| Salem Community Schools - Washington County | PERF, TRF |
| Scott County School District No. 1 | PERF, TRF |
| Scott County School District No. 2 | PERF, TRF |
| Seymour Community Schools | PERF, TRF |
| Shakamak Metropolitan School District | PERF, TRF |
| Shelby Eastern Schools | PERF, TRF |
| Shelbyville Central Schools | PERF, TRF |
| Shenandoah School Corporation | PERF, TRF |
| Shoals Community School Corporation | PERF, TRF |
| Signature Charter School | PERF, TRF |
| Smith-Green Community Schools | PERF, TRF |
| South Adams Schools | PERF, TRF |
| South Bend Career Academy | TRF |
| South Bend Community School Corporation | PERF, TRF |
| South Central Area Special Education Cooperative | PERF, TRF |
| South Central Community School Corporation | PERF, TRF |
| South Dearborn Community School Corporation | PERF, TRF |
| South Gibson School Corporation | PERF, TRF |
| South Harrison Community School Corporation | PERF, TRF |
| South Henry School Corporation | PERF, TRF |
| South Knox School Corporation | PERF, TRF |
| South Madison Community School Corporation | PERF, TRF |
| South Montgomery Community School Corporation | TRF |
| South Newton Community School Corporation | PERF, TRF |
| South Putnam Community School Corporation | PERF, TRF |
| South Ripley Community School Corporation | PERF, TRF |
| South Spencer County School Corporation | PERF, TRF |
| South Vermillion Community School Corporation | PERF, TRF |
| Southeast Dubois County School Corporation | TRF |
| Southeast Fountain School Corporation | PERF, TRF |
| Southeast Neighborhood School of Excellence (Charter) | PERF, TRF |
| Southeastern Career Center | PERF, TRF |
| Southeastern School Corporation | PERF, TRF |
| Southern Hancock County Community Schools | PERF, TRF |
| Southern Wells Community Schools | PERF, TRF |
| Southside Special Services of Marion County | PERF, TRF |
| Southwest Allen County Metropolitan School District | PERF, TRF |

Schedule of Participating Employers, continued

School Districts and Education: Total (366); PERF (331); TRF (364) Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|--|-----------|
| Southwest Dubois County School Corporation | PERF, TRF |
| Southwest Parke Community School Corporation | PERF, TRF |
| Southwest School Corporation of Sullivan County | PERF, TRF |
| Southwestern Consolidated Schools of Jefferson County | PERF, TRF |
| Southwestern Consolidated Schools of Shelby County | PERF, TRF |
| Southwestern High School | PERF |
| Speedway Public Schools | PERF, TRF |
| Spencer-Owen Community Schools | PERF, TRF |
| Springs Valley Community Schools | PERF, TRF |
| Steuben County Metropolitan School District | PERF, TRF |
| Sunman-Dearborn Community School Corporation | PERF, TRF |
| Switzerland Community School Corporation | PERF, TRF |
| Taylor Community School Corporation | PERF, TRF |
| Tell City-Troy Township School Corporation | PERF, TRF |
| Thea Bowman Leadership Academy (Charter) | PERF, TRF |
| Thurgood Marshall Leadership Academy | TRF |
| Tippecanoe School Corporation | PERF, TRF |
| Tippecanoe Valley School Corporation | PERF, TRF |
| Tipton Community School Corporation | PERF, TRF |
| Tri-Central Community Schools | PERF, TRF |
| Tri-County School Corporation | PERF, TRF |
| Tri-Creek School Corporation | PERF, TRF |
| Triton School Corporation | PERF, TRF |
| Tri-Township Consolidated School Corporation | TRF |
| Twin Lakes School Corporation | PERF, TRF |
| Twin Rivers Vocational School | PERF, TRF |
| Union County School Corporation | PERF, TRF |
| Union School Corporation | PERF, TRF |
| Union Township School Corporation | PERF, TRF |
| Union-North United School Corporation | PERF, TRF |
| Valparaiso Community Schools | PERF, TRF |
| Veritas Academy Charter School | PERF, TRF |
| Vigo County School Corporation | PERF, TRF |
| Vincennes Community School Corporation | PERF, TRF |
| Wabash City Schools | PERF, TRF |
| Wabash County Metropolitan School District | PERF, TRF |
| Wa-Nee Community Schools | PERF, TRF |
| Warren County Metropolitan School District | PERF, TRF |
| Warren Township Metropolitan School District | PERF, TRF |
| Warrick County School Corporation | PERF, TRF |
| Warsaw Community Schools | PERF, TRF |
| Washington Community Schools | PERF, TRF |
| Washington Township-Marion County Metropolitan School District | PERF, TRF |

Schedule of Participating Employers, continued

School Districts and Education: Total (366); PERF (331); TRF (364)
 Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|---|-----------|
| Wawasee Community School Corporation | PERF, TRF |
| Wayne Township Metropolitan School District | PERF, TRF |
| Wes-Del Community Schools | PERF, TRF |
| West Central Indiana Educational Service Center | PERF, TRF |
| West Central School Corporation | PERF, TRF |
| West Clark Community Schools | PERF, TRF |
| West Lafayette Community School Corporation | PERF, TRF |
| West Noble School Corporation | PERF, TRF |
| West Washington School Corporation | PERF, TRF |
| Western Boone Community School Corporation | TRF |
| Western Wayne Schools | PERF, TRF |
| Western-Howard County School Corporation | PERF, TRF |
| Westfield Washington Community School Corporation | TRF |
| Westview School Corporation | PERF, TRF |
| White River Valley School Corporation | PERF, TRF |
| Whiting School, City of | PERF, TRF |
| Whitko Community School Corporation | PERF, TRF |
| Whitley County Consolidated Schools | PERF, TRF |
| Wilson Education Center | PERF, TRF |
| Xavier School of Excellence (Charter) | PERF, TRF |
| Yorktown Community Schools | PERF, TRF |
| Zionsville Community Schools | TRF |

Schedule of Participating Employers, continued

Other: Total (256); PERF (256)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|---|------|
| Adams County Public Library System | PERF |
| Akron Public Library | PERF |
| Alexandria Public Library | PERF |
| Allen County Public Library | PERF |
| Allen County Regional Waste and Sewer District | PERF |
| Allen County Solid Waste Management District | PERF |
| Anderson Public Library | PERF |
| Andrews-Dallas Township Public Library | PERF |
| And-Tro Water Authority | PERF |
| Angola Housing Authority | PERF |
| Argos Public Library | PERF |
| Aurora Public Library | PERF |
| Bargersville Community Fire Protection District | PERF |
| Bartholomew County Library | PERF |
| Bedford Public Library | PERF |
| Beech Grove Public Library | PERF |
| Bell Memorial Public Library | PERF |
| Ben Davis Conservancy District | PERF |
| Benton County Highway | PERF |
| Benton County Public Library | PERF |
| Big Blue River Conservancy District | PERF |
| Bloomfield-Eastern Greene County Public Library | PERF |
| Boonville-Warrick County Public Library | PERF |
| Bourbon Public Library | PERF |
| Brazil Public Library | PERF |
| Bremen Public Library | PERF |
| Bristol Public Library | PERF |
| Brook-Iroquois Township Public Library | PERF |
| Brown County Public Library | PERF |
| Brownsburg Public Library | PERF |
| Cambridge City Library | PERF |
| Capital Improvements Board | PERF |
| Carmel Public Library | PERF |
| Carmel-Clay Board of Parks and Recreation | PERF |
| Centerville Library | PERF |
| Central Indiana Regional Transit Authority | PERF |
| Clarksville Sewage Department | PERF |
| Clay-Owen-Vigo Solid Waste Management District | PERF |
| Clinton Public Library | PERF |
| Coatesville Library | PERF |
| Connersville Utilities | PERF |
| Converse-Jackson Township Library | PERF |
| Cordry-Sweetwater Conservancy District | PERF |

Schedule of Participating Employers, continued

Other: Total (256); PERF (256)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|---|------|
| Crawfordsville Public Library | PERF |
| Crown Point-Center Township Public Library | PERF |
| Culver-Union Township Public Library | PERF |
| Danville-Center Township Public Library | PERF |
| Decatur County Board Of Health | PERF |
| DeKalb County Airport Authority | PERF |
| Delaware County Airport Authority | PERF |
| Delaware County Housing Authority | PERF |
| Delaware County Regional Wastewater District | PERF |
| Delphi Public Library | PERF |
| Dubois County Contractual Library | PERF |
| East Central Indiana Solid Waste District | PERF |
| East Chicago Public Library | PERF |
| East Chicago Water Department | PERF |
| Eckhart Public Library | PERF |
| Elkhart Public Library | PERF |
| Evansville Housing Authority | PERF |
| Evansville Public Library | PERF |
| Evansville-Vanderburgh Airport Authority | PERF |
| Evansville-Vanderburgh County Building Authority | PERF |
| Fairmount Public Library | PERF |
| Fayette County Public Library | PERF |
| Flora-Monroe Public Library | PERF |
| Florence Regional Sewage District | PERF |
| Fort Branch-Johnson Township Public Library | PERF |
| Fort Wayne City Utilities | PERF |
| Fort Wayne-Allen County Airport Authority | PERF |
| Fortville-Vernon Township Public Library | PERF |
| Frankfort Community Public Library | PERF |
| Frankfort Utilities | PERF |
| Franklin County Public Library District | PERF |
| Fremont Public Library | PERF |
| Fulton County Library | PERF |
| Garrett Public Library | PERF |
| Gary Municipal Airport Authority | PERF |
| Gary Public Library | PERF |
| Gas City-Mill Township Public Library | PERF |
| Goshen Public Library | PERF |
| Greater Lafayette Public Transportation Corporation | PERF |
| Greentown and Eastern Howard Library | PERF |
| Greenwood Library | PERF |
| Hagerstown-Jefferson Township Public Library | PERF |
| Hamilton County Solid Waste District | PERF |

Schedule of Participating Employers, continued

Other: Total (256); PERF (256)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|---|------|
| Hamilton East Public Library | PERF |
| Hamilton Lake Conservancy District | PERF |
| Hammond Public Library | PERF |
| Hancock County Public Library | PERF |
| Harrison County Public Library | PERF |
| Hartford City Public Library | PERF |
| Health and Hospital Corporation of Marion County (Wishard Hospital) | PERF |
| Huntingburg Housing Authority | PERF |
| Huntingburg Public Library | PERF |
| Huntington Public Library | PERF |
| Hussey-Mayfield Memorial Public Library | PERF |
| Indiana 15 Regional Planning Commission | PERF |
| Indiana Port Commission | PERF |
| Indiana State Fair Commission | PERF |
| Indianapolis Local Public Improvement Bond Bank | PERF |
| Indianapolis Public Transportation Corporation | PERF |
| Indianapolis-Marion County Building Authority | PERF |
| Indianapolis-Marion County Public Library | PERF |
| Jackson County Public Library | PERF |
| Jackson County Solid Waste Management District | PERF |
| Jasper County Public Library | PERF |
| Jasper Public Library | PERF |
| Jay County Public Library | PERF |
| Jefferson County Public Library | PERF |
| Jeffersonville Flood Control District | PERF |
| Jeffersonville Parks and Recreation | PERF |
| Jeffersonville Township Public Library | PERF |
| Jennings County Public Library | PERF |
| Johnson County Public Library | PERF |
| Kendallville Housing Authority | PERF |
| Kendallville Public Library | PERF |
| Kentland Public Library | PERF |
| Kewanna-Union Township Public Library | PERF |
| Knox County Housing Authority | PERF |
| Knox County Public Library | PERF |
| Kokomo Public Library | PERF |
| LaGrange County Public Library | PERF |
| Lake County Convention and Visitors Bureau | PERF |
| Lake County Library | PERF |
| Lake Lemon Conservancy District | PERF |
| LaPorte Municipal Airport Authority | PERF |
| LaPorte Public and County Libraries | PERF |
| Lawrenceburg Flood Control District | PERF |

Schedule of Participating Employers, continued

Other: Total (256); PERF (256)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|---|------|
| Lawrenceburg Public Library | PERF |
| Lebanon Public Library | PERF |
| Leo-Cedarville Regional Sewer District | PERF |
| Lincoln-Heritage Public Library | PERF |
| Linton Housing Authority | PERF |
| Logansport Public Library | PERF |
| Loogootee Public Library | PERF |
| Lowell Public Library | PERF |
| Madison County Council of Governments | PERF |
| Marion Public Library | PERF |
| Melton Public Library | PERF |
| Michiana Area Council of Governments | PERF |
| Michigan City Library | PERF |
| Middlebury Community Library | PERF |
| Milford Public Library | PERF |
| Mishawaka Public Library | PERF |
| Mitchell Community Public Library | PERF |
| Monon Town and Township Public Library | PERF |
| Monroe County Public Library | PERF |
| Monterey-Tippecanoe Public Library | PERF |
| Monticello-Union Township Public Library | PERF |
| Montpelier Public Library | PERF |
| Mooreville Public Library | PERF |
| Morgan County Public Library | PERF |
| Muncie Housing Authority | PERF |
| Muncie Indiana Transit System | PERF |
| Muncie Public Library | PERF |
| Nappanee Public Library | PERF |
| New Albany-Floyd County Public Library | PERF |
| New Carlisle-Olive Township Library | PERF |
| New Castle Housing Authority | PERF |
| New Castle-Henry County Public Library | PERF |
| New Paris Conservancy District | PERF |
| Noble County Library | PERF |
| Noblesville Housing Authority | PERF |
| North Madison County Public Library System | PERF |
| Northeast Indiana Solid Waste Management District | PERF |
| Northern Indiana Commuter Transportation District | PERF |
| Northwest Indiana Health Department Cooperative | PERF |
| Northwestern Indiana Regional Planning Commission | PERF |
| Oak Hill Cemetery | PERF |
| Oak Park Conservancy District | PERF |
| Ohio County Public Library | PERF |

Schedule of Participating Employers, continued

Other: Total (256); PERF (256)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|---|------|
| Ohio Township Public Library System | PERF |
| Orleans Town and Township Public Library | PERF |
| Owen County Public Library | PERF |
| Paoli Public Library | PERF |
| Patoka Lake Regional Water and Sewer District | PERF |
| Peabody Public Library | PERF |
| Pendleton Community Public Library | PERF |
| Perry-Clear Creek Fire Protection District | PERF |
| Peru Public Library | PERF |
| Peru Utilities | PERF |
| Pike County Public Library | PERF |
| Plainfield Public Library | PERF |
| Plymouth Public Library | PERF |
| Porter County Public Library System | PERF |
| Porter County Solid Waste Management District | PERF |
| Pulaski County Public Library | PERF |
| Putnam County Public Library | PERF |
| Region 3-A Development and Regional Planning Commission | PERF |
| Remington-Carpenter Township Public Library | PERF |
| Richmond Sanitary District | PERF |
| Richmond-Morrison-Reeves Library | PERF |
| Rising Sun Municipal Utilities | PERF |
| Rockville Public Library | PERF |
| Rome City Housing Authority | PERF |
| Royal Center Township Library | PERF |
| Rushville Public Library | PERF |
| Salem Public Library | PERF |
| Scott County Public Library | PERF |
| Selma-Liberty Regional Waste District | PERF |
| Shelby County Public Library | PERF |
| Sheridan Public Library | PERF |
| South Dearborn Regional Sewer District | PERF |
| Southeastern Indiana Regional Planning Commission | PERF |
| Southern Indiana Development Commission | PERF |
| Southwest Allen County Fire District | PERF |
| Speedway Public Library | PERF |
| Spencer County Public Library | PERF |
| St. Joseph County Airport Authority | PERF |
| St. Joseph County Public Library | PERF |
| Starke County Airport Authority | PERF |
| Starke County Public Library System | PERF |
| Steuben Lakes Regional Waste District | PERF |
| Stucker Fork Conservancy District | PERF |

Schedule of Participating Employers, continued

Other: Total (256); PERF (256)
Fiscal Year Ended June 30, 2013

| Employer's Name | Fund |
|---|------|
| Sullivan County Public Library | PERF |
| Swayzee Public Library | PERF |
| Switzerland County Public Library | PERF |
| Tell City-Perry County Public Library | PERF |
| Terre Haute International Airport Authority | PERF |
| Three Rivers Solid Waste Management District | PERF |
| Tippecanoe County Public Library | PERF |
| Tipton County Library | PERF |
| Union City Housing Authority | PERF |
| Union City Library | PERF |
| Union County Public Library | PERF |
| Vermillion County Public Library | PERF |
| Vigo County Public Library | PERF |
| Vincennes Housing Authority | PERF |
| Vincennes Water and Sewer Department | PERF |
| Wabash Carnegie Library | PERF |
| Wabash County Solid Waste Management District | PERF |
| Wakarusa Public Library | PERF |
| Warren Public Library | PERF |
| Warrick County Solid Waste Management District | PERF |
| Warsaw Community Public Library | PERF |
| Washington Carnegie Library | PERF |
| Washington County Solid Waste Management District | PERF |
| Washington Housing Authority | PERF |
| Washington Township Public Library | PERF |
| Waterloo-Grant Township Public Library | PERF |
| Wells County Public Library | PERF |
| West Central Conservancy District | PERF |
| West Central Solid Waste District | PERF |
| West Lafayette Public Library | PERF |
| Westchester Public Library | PERF |
| Westfield Public Library | PERF |
| White River Township Fire Protection District | PERF |
| Whiting Public Library | PERF |
| Whitley County Solid Waste Management District | PERF |
| Willard Library of Evansville | PERF |
| Williamsport-Washington Township Public Library | PERF |
| Winchester Community Library | PERF |
| Worthington-Jefferson Township Public Library | PERF |
| Wright-Hageman Public Library | PERF |
| Yorktown-Mount Pleasant Community Library | PERF |



INDIANA PUBLIC RETIREMENT SYSTEM